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EXTENSION OF PUBLIC LAW 480— Titles I and II

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HEARINGS

BEFORE THE

SUBCOMMITTEE ON FOREIGN AGRICULTURAL OPERATIONS

OF THE

COMMITTEE ON AGRICULTURE HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH CONGRESS

SECOND SESSION

FEBRUARY 18, 19, 20, AND 28, 1964

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EXTENSION OF PUBLIC LAW 480—TITLES I AND II

TUESDAY, FEBRUARY 18, 1964

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON FOREIGN AGRICULTURAL OPERATIONS
OF THE COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:10 a.m., in room 1310, Longworth House Office Building, Washington, D.C., Hon. W. R. Poage (chairman of the subcommittee) presiding.

Present: Representatives Poage, Jones of Missouri, Matthews, Stubblefield, Harding, Matsunaga, Dague, and McIntire.

Also present: Representatives Cooley, Grant, Johnson of Wisconsin, Purcell, Duncan, Olson, Hoeven, Quie, Findley, and Dole.

Christine S. Gallagher, clerk; Hyde H. Murray, assistant clerk; John J. Heimburger, general counsel; Robert Bruce, assistant counsel; and Francis LeMay, consultant.

Mr. POAGE. The subcommittee will please come to order.

We are very much pleased this morning to have so many members of the committee with us, and we are very delighted to have the chairman of the full committee with us, as well as to have other members of the full committee present who are not members of the subcommittee.

We have, of course, the Secretary of Agriculture and members of his staff present with us. We will start this discussion of Public Law 480. We should like to have you tell us of the present working of the program and any improvements or changes that you may suggest in the program for future use. This program has been accepted as one which has done a great deal of good. But, like all others, it is not a perfect program. And as it has operated we have begun to see opportunities to make changes in it. We would like to discuss any changes that you think are advisable. We should like to hear from you as to those things that you think should not be carried on. We will be glad to hear about those, too. So, Mr. Secretary, we will be delighted to hear from you.

STATEMENT OF HON. ORVILLE L. FREEMAN, SECRETARY, DEPARTMENT OF AGRICULTURE; ACCOMPANIED BY C. R. ESKILDSEN, ACTING ADMINISTRATOR, FOREIGN AGRICULTURAL SERVICE; EDWARD M. SHULMAN, DEPUTY GENERAL COUNSEL; RICHARD H. ROBERTS, DEPUTY ASSISTANT ADMINISTRATOR, FOREIGN AGRICULTURAL SERVICE; AND HILTON BATEMAN, CHIEF, REPORTS AND ANALYSIS BRANCH, PROGRAM OPERATIONS DIVISION, FOREIGN AGRICULTURAL SERVICE, U.S. DEPARTMENT OF AGRICULTURE

Secretary FREEMAN. Thank you very much, Mr. Chairman, and Chairman Cooley and gentlemen.

First, Mr. Chairman, may I express my appreciation for your courtesy in scheduling this meeting today and postponing that of yesterday. As the chairman knows, I went home yesterday to bury a very dear aunt of mine who, incidentally, served on this Hill for over 15 years—10 years here in the House as a Secretary for Congressman Youngdahl and then Congressman Miller, and then Congressman Henry, and then went over and served as administrative assistant to Senator Humphrey. And she made the arrangements for the marriage of Mrs. Freeman and myself here during the war. My wife lived with her while I was in training at Quantico. She was an extraordinary person. And I felt that I must be at that sad occasion. I appreciate your courtesy, Mr. Chairman, and that of this committee, in making that possible.

I am honored to testify and, particularly pleased personally to testify in favor of this bill to extend titles I and II of the Agricultural Trade Development and Assistance Act of 1954. These titles are basic parts of Public Law 480, under which we have been operating, for nearly 10 years, a program that already stands out before the world as a monument to the practical economic wisdom and the high moral purpose of the people of the United States.

The Congress can be justifiably proud of having enacted, with bipartisan support, this food-for-peace program under Public Law 480. Rarely has any governmental policy and program contributed so much to so many people and to so many diverse interests. It serves all of the people in the United States by promoting greater economic well-being at home and greater security in our relations with the rest of the world. It enables this Nation to advance the interests of its own citizens as they seek to meet their responsibilities to less-favored peoples.

It effectively serves the foreign policy interests of the United States while it helps to expand our export trade. It contributes to domestic economic well-being for both agriculture and commerce while it has been a major factor in helping to end famine in the free world. It relieves hunger and suffering and promotes education among men, women and children in underdeveloped parts of the world; and at the same time it helps those nations to an accelerated takeoff in economic growth that will speed the day when they will become partners with us in commercial trade—opening to us and to our children the last, vast underdeveloped market in the world. In addition to its history of developing commercial markets, Public Law 480 has a net favor-

able impact on our balance-of-payments position. By promoting higher standards of living for people going through the revolution of rising expectations, it promotes free institutions among those people, and thus contributes materially to American hopes for security and peace.

Under Public Law 480 we have developed programs that are particularly appropriate to meeting needs that arise out of the revolutionary changes that characterize this period of history.

One of these changes, brought about by the scientific and technological revolution, is such a vastly increased potential for production of material goods that we can foresee an age of abundance in which we could produce enough food, clothing, and shelter for all. Nowhere is this productive potential demonstrated more dramatically than in American agriculture. Our farms are the most productive in the world, and their productivity continues to increase. One American farmer today produces enough for 29 consumers, 4 of whom are in other nations. His output has increased 140 percent since the end of World War II, almost three times the gain in our nonagricultural productivity.

American agriculture has thus been forced into the forefront of facing the complex problems involved in adjusting from an economy of scarcity to an economy of abundance. These are adjustments that will have to be made eventually by other segments of our economy—certainly our rapidly automating industry is facing them now. In agriculture we seek to approach this adjustment both by gearing our production to amounts that can be used and by expanding the use of commodities we produce. Public Law 480 has contributed substantially toward expanding the use of our commodities.

During the past 10 years we have reduced our cropland area by more than 50 million acres, but we still produce more than our commercial markets can absorb. During this same period, Public Law 480 has enabled us to augment our commercial sales by moving 120 million tons of American farm products to foreign consumers. This has included 3 billion bushels of wheat, which is more than two of our bumper crops. It has included 10 million bales of cotton, about two-thirds of a year's production. It has included 100 million bags of rice, 6 billion pounds of vegetable oil, and substantial amounts of feed grains, tobacco, and dairy products.

There are both economic and moral implications of this transfer from an age of scarcity to an age of abundance. The economic implications include the maintenance of adequate income for those human beings who produce, even though machines are taking over much of the work. The moral implications include the imperative of widespread sharing of the abundance that is now possible. Public Law 480 is helping us to meet both of these responsibilities in this transitional age.

Another change that is characteristic of the age in which we live is the emergence, from colonialism and from relatively primitive economic development, of scores of new nations, whose people are reaching desperately for the advantages and the higher levels of living that accompany modern economic development. Hunger and malnutrition abound among the people of most of these emerging nations—yet too often they have not yet reached the stage where they can either produce or purchase enough food to meet their needs.

Under Public Law 480 we have, from its inception, carried out programs to provide food for the hungry and to meet emergencies. We have done this so effectively that famine no longer threatens the free world. Food supplies provided under these programs have been effective in forestalling destructive inflation in nations moving toward industrialization. And, particularly in recent years, we have emphasized the development of programs that directly foster economic growth, either by the investment of local currencies generated under title I or by the use of food as part payment for work. Our food for peace has become a capital investment in constructive community development projects. It is helping to build free institutions. Through school lunches it is fostering education, and thus contributing materially to an investment in human capital that is a much greater factor in economic growth than is generally recognized.

Thus Public Law 480 makes its direct contribution to the achievement of the rising expectations of people in the developing nations of the world. And, indirectly, this contribution is one that substantially affects the well-being of the American people—because of the importance of a third characteristic of this age in which we live.

This third characteristic is the unprecedented degree to which the peace and freedom and prosperity of all of the nations of the world depend upon their relationships with each other. Our prosperity is affected because anything we do to hasten the day when the billions of people in less-developed areas can themselves achieve the higher income level that goes with modern economic development leads toward greater markets for our abundant productivity.

Our peace and security are affected because wars and revolutions in any part of the world today affect the security of all other parts.

Our freedom is affected because anything that serves to strengthen the free world, as well as anything that helps uncommitted and uncertain peoples to turn toward free institutions, strengthens our side in the cold, ideological struggle with communism. Our productivity, and particularly our abundance of food, gives us one of our greatest advantages in this cold war. Our food-for-peace programs provide us with an unparalleled opportunity to make the most of that advantage.

I have thus far expressed my support for the extension of Public Law 480 in terms of: First, the unique opportunity it offers to operate programs that at one and the same time promote economic well-being at home while they support our foreign policy and help to meet our moral responsibilities abroad; and, second, the significant manner in which Public Law 480 helps us to meet the revolutionary changes and special characteristics of our times. I should like to turn, now, to briefly itemize and summarize some of the particular gains we obtain from various aspects of Public Law 480 operations.

First, improved farm income: I have already referred to the great volume of farm commodities that have been exported under Public Law 480. These exports have relieved the Government of the cost of storing these commodities, and of the intense pressure for an even more drastic cutback of farm production that would have occurred if no such programs existed. They have made it easier for us to improve farm income because of the additional marketing outlets which they represent. A few facts and figures help us to realize the significance of these expanded markets.

During 1963 exports of American farm products under Public Law 480 totaled \$1.6 billion, the highest annual level since the program began. These shipments accounted for 30 percent of our total agricultural exports. They represented the production from more than 25 million acres. Our exports under Public Law 480 last year represent 75 percent of all wheat exported, 54 percent of total vegetable oil exports, 53 percent of total rice exports, and 33 percent of our total exports of cotton. One needs only to review figures like these to realize what would happen to markets for farm commodities without Public Law 480.

Second, better income to business: It is not only the American farmer, but a large part of the American business community benefits directly from operations under Public Law 480. Hundreds of thousands of workers owe their jobs to the processing, handling, transportation, and related services needed to export these commodities. The additional income farmers get is spent largely in local businesses across the Nation, thereby contributing to business in general, and particularly to those that furnish the fertilizer, machinery, fuel, and other supplies and services which our farmers buy at the rate of over \$40 billion a year.

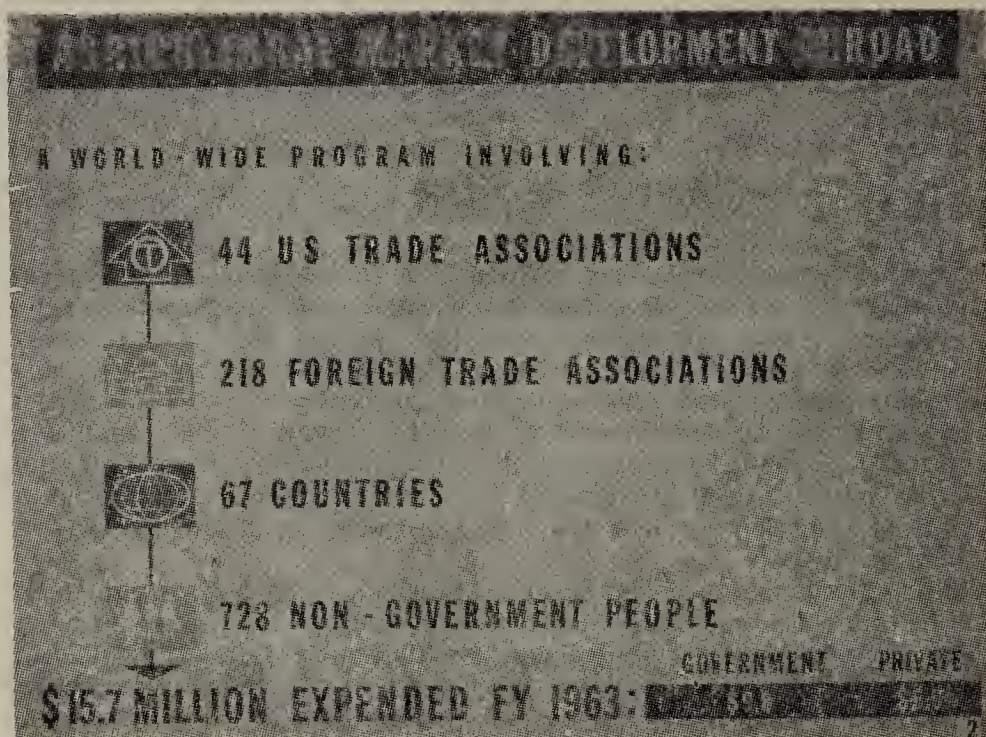
Third, expansion of commercial markets: The last great undeveloped markets in the world are to be found in the developing countries which today are among those to which our Public Law 480 shipments generally go. There are three ways in which the operation of Public Law 480 contributes to the development of these areas into commercial markets for our business in the future.

In the first place, programs under Public Law 480 make it possible for us to introduce our food products to people that may not have been accustomed to these products before. When hungry children are introduced to unfamiliar foods in a school lunch program they are likely to develop a taste for the foods they eat that will last a lifetime. Japan's large dollar purchases of wheat today can be traced to school lunches served to Japanese children only a few years ago under our food for peace programs. We are now providing school lunches for 40 million children, and supplemental feeding for 16 million infants and preschool children, in over a hundred countries, and the program is still expanding.

In the second place, title I provides funds that are used in market development programs. Before Public Law 480 very little market development was being carried on by U.S. agricultural producers and trade associations, although a few individual firms were active. Today, under the impetus of market development funds developed under sales for foreign currency under title I, there are 44 U.S. trade associations and 728 non-Government employees working on market development projects in 67 foreign countries. Virtually all U.S. agricultural export commodities are represented in these joint projects of Government and private industry.

Charts: This gives a little, as we would say, demonstrative evidence of the magnitude of the going promotion program. You will note that there are 44 U.S. trade associations, 218 foreign trade associations, 67 countries, and 728 non-Government people involved.

(The chart follows:)



Secretary FREEMAN. Cooperating U.S. trade associations handle the overseas projects under the supervision of the Foreign Agricultural Service and make substantial financial contributions to augment foreign currencies made available from title I sales. Market development expenditures in fiscal year 1963 totaled \$15.7 million, including \$5.9 million in cash, personnel, goods, and services contributed by the U.S. trade cooperators.

The third way in which the operation of Public Law 480 contributes to the development of markets abroad, and by far the most important in the long run, is the transformation of the developing nations from being recipients of aid to being new partners in commercial trade. This has been important in the past. It will be even more important in the future as we are increasing our emphasis on programs directed toward promoting economic growth.

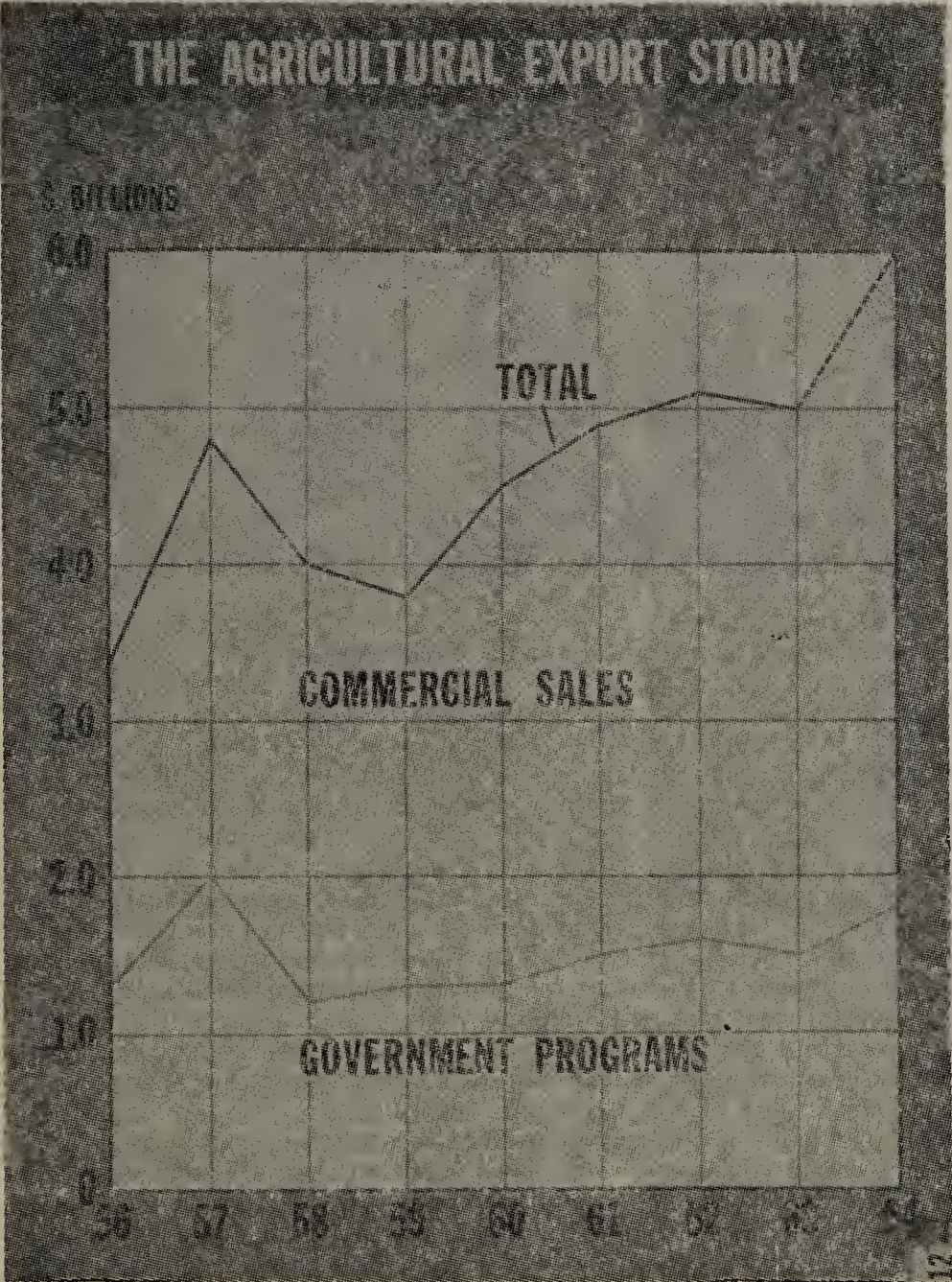
Today, Japan is an outstanding example. Japanese officials credit our aid programs of only a few years ago with bringing their country back from the brink of starvation, putting a brake on inflation, preventing an incipient social revolution, and paving the way for the reconstruction of Japanese industry. They also helped to revolutionize Japanese eating habits. Today the Japanese consumer uses twice as much wheat, oil, and fats, four times as much meat, and three times as much milk as they did before the war. All Japanese school children now have a school lunch program. And Japan is our No. 1 purchaser of American farm products for dollars.

Other nations, such as Spain, Israel, Italy, Greece, and Taiwan are becoming commercial customers, and more will follow. A nation in a weak foreign exchange position does not, of course, suddenly transform itself into a full-fledged, cash-dollar customer overnight. The

transformation is a gradual one. Title IV of Public Law 480 is an effective program for helping to bring about this transition.

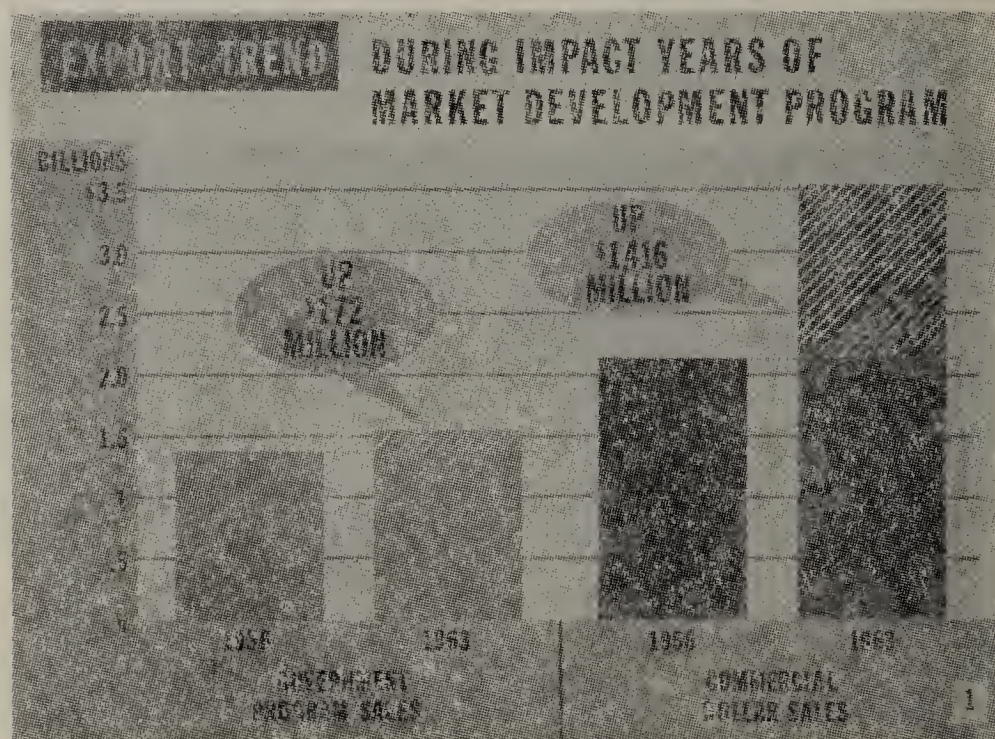
Under title IV, we are able to supply American farm products to the stronger developing countries on a dollar-sales basis with repayment over a protracted period of time and at favorable rates of interest. Such terms are of particular help to those countries that are ready to enter the commercial market provided credit terms can be arranged.

From July 1961 through December 1963, 28 title IV agreements were entered into with 17 countries, for a market value of \$176.8 million (The chart follows:)



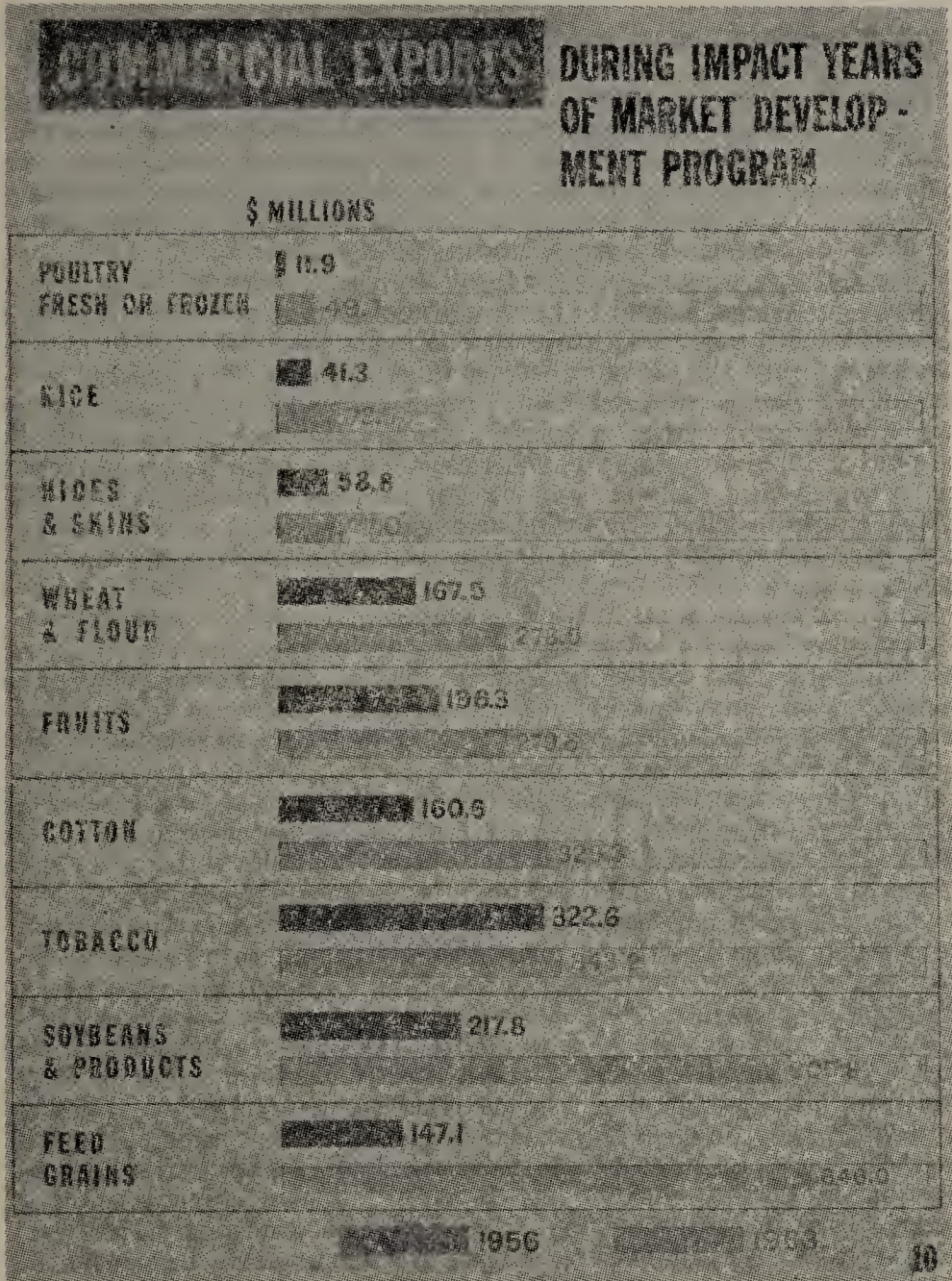
Secretary FREEMAN. In 11 countries—Bolivia, Formosa, Portugal, Yugoslavia, Ethiopia, Chile, Columbia, Peru, Ecuador, Syria, and Paraguay—the agreements represented a shift over from foreign current sales under title I, or the use of title IV in combination with title I. We are now negotiating with a number of good prospects for title IV agreements through the private trade.

(The two charts follow :)



Secretary FREEMAN. Incidentally, under this chart there are some figures that are of interest, in connection with the market development program. This has to do with the export trend, 1956-63. The blue part is the Government program sales that have increased by \$172 million. The red hatched part is the commercial dollar sales during that period of time that increased by \$1,416 million. Of course, we would not attribute all of this, necessarily, to Public Law 480, but by the same token it has been a very, very significant effort and accomplishment.

The next chart, again speaking in general terms, headed, "Commercial exports," shows the same story of the growth of commercial sales during this period. Since 1956 the Government programs have been relatively level, moved up a bit in the last year, particularly, but the commercial sales, you will note, have climbed steadily, and, of course, in the current year are shooting up very high, indeed. And some agricultural exports have been growing sharply and playing a very important part in our national economic well-being and in our dollar payment problem. Another way to say the same thing can be seen in this one by commodities, where you will note that the red is where we were in 1956 and the blue is where we are today. And you can notice, going down the line that it covers poultry, fresh or frozen, rice, hides



and skins, wheat and flour, fruits, cotton, tobacco, soybeans and products, and feed grains. And there have been very, very significant increases in these agricultural exports. This is true also of the developing countries and it is true in those in which we have made heavy title I sales. And there seems to be a rather direct correlation between the vigor of our promotion program and also our Public Law 480 program, and the commercial dollar sales that fall from it.

Fourth, other benefits from use of foreign currencies: Market development is but one of the two dozen or so uses of foreign currencies obtained through title I sales. (These currencies that I speak of are foreign currencies that we have obtained from other countries, by the

sale of American farm commodities under title I.) Foreign currencies in lieu of dollars represent substantial savings in our gold and dollar account.

Since its beginning, title I has provided more than \$850 million in foreign currencies for payment of U.S. Embassy expenses and other U.S. obligations abroad for which dollars otherwise would have been required. Other direct benefits to the balance-of-payments savings and the U.S. economy have included the financing of dependents' housing for the Armed Forces, totaling \$133 million.

Furthermore, repayments made by foreign governments on title I foreign currencies loaned to them will continue to provide additional funds for U.S. uses in future years. To some extent, these local currencies can take the place of dollars in supporting development projects under our Government's aid programs. Also, surveys are being made to determine whether some additional U.S. expenses abroad can be paid with these foreign currencies. We are proposing an amendment that would permit payment for services and supplies at discharge ports in these currencies, instead of dollars. It is important that we use foreign currencies wisely and fully to support American goals.

Many dramatic and inspiring examples could be given of the progress and development, the economic gains, and the contributions to the security and well-being of men, women, and children that have resulted from our food-for-peace programs. Other testimony presented here, particularly by the Agency for International Development, will bring out these points.

It has been my privilege, as it has been of most of you, to visit in a number of the countries where food is used in this fashion; in other words, where food is being used actually as capital to build dams, irrigation, to reclaim land, to build schools and hospitals, to help people resettle in new areas previously not settled, like the old frontiers, when they used to get their grubstake and, in a sense, we are grubstaking many countries as new lands are opening. And one of the ancillary benefits from this which is not easily apparent, but I think very real, is that food is going to be used to develop capital and if it is, you have got to create institutions in order to do it. Mothers have to organize to cook food to provide school lunches. And when they do they learn how to live and work together. And this is setting the institutional base upon which the democracy and freedom must rest. And it has been my personal observation that, particularly, in countries—and there are some where they have very little regard or confidence in their government—this kind of basic institution building is a critical beginning for the possibilities of a future of freedom and democracy in those countries.

Under title I, the largest component, we have entered into a total of 376 sales agreements, with 47 countries, for an export market value of nearly \$10 billion. Under title II, we have moved U.S. farm products in the amount of \$1 billion to 69 countries, mainly in the form of donations under which our commodities are used both to support economic development projects and to feed the victims of earthquake, flood, drought, or other disaster. Also, through title II we are carrying out the U.S. pledge to the U.N. FAO world food program, now entering its second year.

Although these hearings are not directly concerned with title III, for the record I think we should also note its constant and very helpful movement of American food to foreign needy people through auspices of registered U.S. voluntary relief agencies and the United Nations Children's Fund. During the last decade we have made available to such agencies under title III a total of \$1.4 billion worth of food; 77 million persons in 134 countries and territories are currently receiving this food.

Title III also authorizes the barter program, a helpful means of exchanging our farm abundance for needed supplies and materials from abroad without expenditure of our tight foreign resources. A total of \$1.6 billion worth of U.S. farm products have been exchanged for foreign products under the Public Law 480 barter program. Our current programs place heavy emphasis on the use of agricultural surpluses to pay for goods and services acquired abroad by the Defense Department and other Government agencies.

The bill which we are recommending today would extend the authorizations for titles I and II for an additional 5 years, which would carry them through December 31, 1969. This extension would provide for continuity in planning and carrying out Public Law 480 programs.

For title I, we recommend an authorization that will permit us to continue programing at the same level as for the previous 5 years. This amount is \$7.1 billion, plus (1) the expected carryover from 1964 and the proposed renewal of the expired 1961 carryover of authorized funds, and (2) an estimated \$1 billion in reimbursements to the Commodity Credit Corporation from other agencies of the U.S. Government for title I currencies, and repayment of economic development loans in dollars. We believe that this level will meet foreseeable needs, because the fact that some countries are moving out of the assistance category will enable us to meet new and expanded needs in countries in which food assistance can contribute significantly to economic development under free governments.

For title II, we recommend that the authorization be increased to \$450 million per year for the requested 5-year period, to provide for an expansion in economic and community development projects. This compares with the current authorization rate of \$300 million a year.

We are also recommending a few amendments to the basic Public Law 480 legislation which we will be pleased to discuss with the committee.

You will note there have been a minimum of amendments to the current on-going program.

I should like to conclude this testimony by pointing out that the need for this program is even greater today than it was 10 years ago, when it was first enacted as a means of developing constructive use for U.S. agricultural surpluses. As populations grow at a record rate, and as developing nations approach and enter the takeoff stage in economic growth, the gap between demand and supply of food in those nations will widen unless food aid is provided. This is a transitional stage. It is a fortunate fact of history that, because this great need abroad comes at a time when we must adjust American agriculture to its tremendous increase in productivity, we find in Public Law 480 an approach to the solution of both of these problems. As long

as these two problems exist side by side, abandonment of our food-for-peace program is, I submit, unthinkable.

The pattern of growth that projects a doubling of the world's population by the year 2000 calls upon the developing nations to do all they can to help themselves, and it calls upon the more developed nations to give them tangible support as they try to improve their capabilities. Public Law 480 is a positive expression of that support. I should like to emphasize that we are directing more and more of our programs under Public Law 480 along channels that do more than simply feed the hungry—along channels that promote economic growth and enhance the ability of those receiving assistance to provide for themselves. Commodities that otherwise would have been surpluses in American stockpiles are being transformed into capital investments that will return rich dividends in the future.

Other prosperous, highly industrialized nations are today beginning to realize that it is also their responsibility as well as in their own interest to share in this effort. Those prosperous nations that produce food in excess of their needs are exploring ways by which they can engage in programs involving food assistance. Agricultural importing nations, whose prosperity is based on industry, can be asked to do their share by assuring to American agricultural commodities a fair share of expanding commercial markets.

By reenacting the Agricultural Trade Development and Assistance Act of 1954 we can thus continue and enhance one of our Nation's most successful and effective programs for the development of international commercial trade both now and in the years ahead, a program for economic benefits at home and for constructive implementation of a foreign policy directed toward security and peace.

Thank you, Mr. Chairman.

Mr. POAGE. Thank you very much, Mr. Secretary. We do appreciate your good review of this program. As I said a moment ago, I think that we all recognize that there have been great benefits that have come from this program, but I think that we ought to recognize as we have had experience with these programs that we have run into some things which should be changed. You have suggested some changes you think should be made. I know some of the members have some changes in mind that should be made, that is, that they think should be made.

I have myself long been thinking about what seems to me to be an inconsistency that has developed in the use of grants. I had thought that they were not to be continued and have personally hoped that they would not be continued, that is, the practice of making grants of a part of the price for these commodities. For instance, in the Indian grants, as you know, we made a grant of 42.5 percent of the price for the commodity. And I have noticed in some of these recent agreements, small agreements and small grants, that 15 to 20 percent, I believe, was the maximum. To my mind that is in direct conflict with the law which provides that those commodities must be sold at world market prices. The reason for that provision of the law was to prevent breaking the world price. I think you will agree that one of the greatest needs for the present day is to raise farm prices the world over.

Certainly, these developing countries have nothing to sell in most instances, except primary products, that is, agricultural and mineral

products, and to the extent that the price of these commodities can be raised, their living standards can be raised. To me, it is the simplest way and the soundest way of raising the living standards of the world, to raise the price of their primary products, both from the United States and from Latin America, from India, from the islands of the Pacific, from Africa, and from everywhere else.

Yet when we sell products at less than the world price we break that world price. And as I see it we are then defeating the very thing that we want to accomplish. Would you not give us the views of the Department on this matter of the making of grants? Certainly, if we sell cotton at the world price and then make a grant of 30 percent of the sale price we simply have sold that cotton at a price 30 percent less than the world price, have we not?

Secretary FREEMAN. I think that there are two segments to that question. First, I would say, Mr. Chairman, that I am familiar with your—and that of many members of the Congress—feeling in connection with grants. And as you kindly stated the volume and the amount of the grants has significantly decreased.

Mr. POAGE. Yes. We understood that they were going to decrease—period—that they would stop.

Secretary FREEMAN. I will get to the question. Basically, I agree with you that we have sought to minimize grants, and they have been cut significantly. I think, however, that we need to go to each of these programs on a country-by-country basis in connection with the economics of that country, of its agriculture, of its needs and also of the overall political situation with regard to that country at a given time and place. All of these factors enter into it.

I would only say that we seek to eliminate grants, other things being equal. We have moved strongly in that direction, but I do think that in some instances that grants have been necessary, and I think in some instances a minimum grant bill in all likelihood continue to be necessary.

Mr. POAGE. Mr. Secretary, the Congress passed the law, and it seems to me that if there were emergency conditions that made it—that made a grant necessary, that you should make it under title II. That is what the law intended. The law set up a way to make gifts to people. But it did not set it up so as to make those gifts as a part of a commercial transaction that would reduce the world price.

Secretary FREEMAN. I think, as a practical matter now, there are really two subjects here, perhaps. I think that the commodity in question is sold to that country and moves into the trade of that country at the world price. The grant of the currency, which is subsequent to it, is a part of the development program in the given country. And as such I do not think it has the effect of decreasing the commercial price of the market. This is the economic development or political phase, rather than the agricultural market price phase. And the commodity does move and is sold at world prices pursuant to law.

Mr. POAGE. I do not follow that. I may be completely wrong, but I just cannot follow it. Suppose that you come in and offer to sell me some calves and you price them at 25 cents, and you tell me at the time, "If you buy these calves, I will give you back cash of 5 cents pound on them." And I want them, and I get those calves at 20 cents. I do not care what the records show. I am not paying 25 cents, but 20 cents. And that is all I will figure that the calves cost me.

If you give me back 5 cents a pound on those calves as quickly as I have sold them, you have sold them for 20 cents. It is a rebate, or whatever you want to call it.

We consider it illegal in private deals in the United States. We say that that is an unfair trade practice when some private corporation does it here at home. Why is it any better when the U.S. Government does it abroad?

Secretary FREEMAN. Well, I think perhaps the analogy is perhaps pertinent. And I know that the chairman will pass on his savings to the consumer.

Mr. POAGE. Not me.

Secretary FREEMAN. Not you?

Mr. POAGE. Not me. [Laughter.]

The Chairman would not do anything of the kind. I will figure that I got those calves below the market and I will figure that I am going to make an excess profit on those calves. And I do not see why these other countries do not see it the same way on this.

Secretary FREEMAN. I do not really think so. And you have been in the countries and you are an expert on this program and I certainly am impressed by your observations. I must say, in all honesty, that mine would indicate that the country in question, particularly a country that in most of these instances which by definition is an undeveloped country, struggling to expand, will sell those commodities at the world price. And the grant in question will be funneled into a use which we hope and seek to negotiate and supervise and influence which will contribute on a grant basis to something totally unrelated to, perhaps, the commodity in question and to its sales price.

Mr. POAGE. If there is some purpose for which we should make a grant—if there is some reason why we should give country A extra money or make them a grant—make them a gift—if there is some reason for that, then why should not we make it as a gift and charge them the full price of the commodity—then make them a gift entirely apart from these transactions? I understand full well that this committee provided ways to give away these commodities—to give them to people where there has been some kind of catastrophe that made it impossible for them to buy. I do not want to belabor the point, but it seems to me that we are using the wrong method of making our gift, and that we are doing it clearly in a way that Congress did not intend. Maybe other members did intend to do that. I am only speaking for myself.

Are there questions from other members of the committee?

Mr. Jones?

Mr. JONES of Missouri. Thank you, Mr. Chairman.

Mr. Secretary, my main objection to the way in which this program has been administered is the fact that we have in effect permitted the recipient nation to make the terms of the transaction. I think in many instances we did not protect the U.S. Government to enable it to take the full political advantage, as you mentioned with reference to politics a minute ago. I recall when this program started that the chairman and some of the members of this subcommittee were in South America, and we were rather amazed at that time at the lack of information on the part, not only of the public in those countries, but of the people in Government there as to Public Law 480, its program, which was being put into effect, and there seems to be a

reluctance on the part of those in charge of the program to receive the full recognition of what the U.S. Government was doing.

I support the chairman in his views that in these grants, after we have made the sale for the foreign currency, in many cases we wind up with the control over only about 10 to 15 percent of the total amount of the foreign funds that are involved.

I am not criticizing the Department of Agriculture for that as much as I am the State Department and what has apparently been the policy of our Government.

It seems that in carrying on all of these programs we have attempted—and I think successfully but with what I think is a wrong approach—in that we have left the impression with these countries that in extending this aid we overemphasized the fact that there was no obligation on the part of that Government to reciprocate, either in kind or by acknowledgement of the generosity of this country.

I think that too often we have tried to assume that Public Law 480 was evolved mainly for the purpose of disposing of surplus commodities. I think we have lost sight of the opportunity of requiring some recognition on the part of the recipient country that we were expecting them, at least, to cooperate in the distribution of these commodities and funds.

As a member of this committee, and as a member of the Interparliamentary Union, we have had an opportunity to visit with representatives of other nations who have been recipients, and I have been very much irritated—I will put it that way—with the fact that so many of these recipient countries have been critical of the fact that we had not been as generous as we might have been; and, also, with the fact that maybe in some instances we were trying to require those countries to make some adjustment in their basic policies, land reform, and that type of change, in order to see to it that the commodities that we sent there actually went to the final recipient, rather than to be retained by someone in charge of the Government who would make an additional profit off of that.

Mr. POAGE. Will you yield at that point?

Mr. COOLEY. That is a very good statement.

Mr. POAGE. I want to ask you to yield there. I would like to mention an instance where I happened to be sitting between delegates at the IPU meeting from Latin American countries, on each side of me, and across the table also, and one of them said to me, "I wish that you would quit giving us aid or, at least, if you are going to give us aid that you would follow every dollar and see that it is spent as you intended." Everyone around there seemed to give consent and approval to the statement that we should follow every dollar until it is spent.

Mr. JONES of Missouri. I think that we have been made patsies in many of these countries due to the fact—and I think that we have lost the respect of many of these nations, because of our position, the fact that we have not required certain things to be done; in other words, I speak only for Paul Jones now, but I am not in favor of extending any kind of help, either through the sale, or gift, or anything else, program, to people who do not feel some commitment to the United States of America and the taxpayers who are footing this bill.

In your testimony you mentioned the amount of money that was spent in different places. You mentioned the dependent housing for

the Armed Forces, totaling \$133 million; and then there was another—

Secretary FREEMAN. \$850 million—

Mr. JONES of Missouri (continuing). \$850 million?

Secretary FREEMAN. That's for other uses.

Mr. JONES of Missouri. And when you add those two together we come up with less than \$1 billion which would mean that we are actually receiving less than 10 cents on the dollar for the dollars that we are putting out. I feel like we are entitled to more than that.

There was a suggestion made at one time—and I am sure that the reason that it was not implemented was because some of the foreign nations said, "Well, now, we are not going to agree for that money to be used for that"—it was suggested here at one time that we make these foreign currencies available through the State Department, or any other agency of Government to tourists who go to those countries to use those funds—that would be one of the purposes that would be recognized for the use of those funds. And there are other ways that we could be using more of these funds for the benefit of the United States.

I think that in the final analysis the recipient countries would have a whole lot more respect for us if we did require some things along that line. I will not take up any more time of the committee, but I wanted to get that off my chest as to some of the things I feel that have not been carried on. At least, some of the people on this committee feel they have not been as it should have been.

Secretary FREEMAN. Might I mention, Mr. Chairman, in response to Congressman Jones' statement that I think there is a good deal of merit in what he has had to say. He said earlier in his remarks that the emphasis had been one of surplus disposal in many places—and in many places this program had gotten a kind of label as if we were doing this because we had to, and it was a favor to us and, in effect, in the terms of their receiving it. I think that this has sharply changed in recent years. I know that in my case, having been in at least a dozen of these countries and having held press conferences in them, I have without exception made the statement that if anybody thinks that they are doing the United States a favor by being a recipient under Public Law 480, why, they had better get straightened around, because this is something that comes from the American taxpayer, "and if you do not want this, you just say so and we will stop it right now." And I think that there is a much broader realization, plus the fact, I think, that the program has been so important to so many countries that a recognition of that fact and a resulting appreciation and a strengthening of the position of our country, and the democracy in those countries has been forthcoming. And so I will only answer to say that I think we are making progress along the lines you have outlined.

Mr. JONES of Missouri. Thank you.

Mr. POAGE. Mr. Dague, do you have any questions?

Mr. DAGUE. I have no questions, thank you.

Mr. POAGE. Mr. McIntire?

Mr. MCINTIRE. Secretary, I appreciate your statement and response to Mr. Poage as to an improvement in this program and how we use title II for grants. Do you feel that the transaction itself is based on current market prices?

Secretary FREEMAN. That is right.

Mr. McINTIRE. And that the use of these funds takes on a different purpose in context than simply a rebate on the price in the transaction?

Secretary FREEMAN. That is right.

Mr. McINTIRE. Then is it appropriate to draw from that statement that these uses are for economic development, and to the extent to which they also are a matter of foreign relations—that they——

Secretary FREEMAN. Yes.

Mr. McINTIRE (continuing). That they come within the broader term of the political situation?

Secretary FREEMAN. Yes.

Mr. McINTIRE. That this is by far the predominating idea that these grants are made under title I?

Secretary FREEMAN. Yes.

Mr. McINTIRE. Then this gets right over into the area of foreign aid as we have experienced it down through the years, where we have made considerable loans and grants through our foreign aid program, administered under the AID for economic development. If that is the case, I should like to call your attention to an amendment that I offered, H.R. 6932, on which the Comptroller General reported under date of June 25, 1963, in which letter the Comptroller General stated that they had no comments to offer with respect to its merits or recommendation regarding its enactment. That is in the last paragraph. He also stated, "the subject matter of the bill relates to matters of policy primarily for determination by the Congress."

Would you comment perhaps on this——

Secretary FREEMAN. I will comment on it.

Mr. McINTIRE. Would you comment on that amendment?

Secretary FREEMAN. If I understand, Congressman McIntire, this would be a question of whether this ought to be financed through the Department of Agriculture or through AID or in a separate appropriation. That was it, as I recall the amendment.

Mr. McINTIRE. Pardon me, Mr. Secretary, it stated, "and no foreign currencies shall be made available for grants pursuant to subsection (e), except in such amounts as may be specified from time to time in appropriation acts for foreign assistance."

What I am searching for here in this amendment, predicated on the basis which you outlined that these grants are, in effect, grants within the area of foreign assistance, rather than in the context of title I in Public Law 480. My purpose in introducing this bill was to get these matters before the committee and before the Congress, to get some views as to why these grants should not be subject to appropriation action, and why they should not be counted as appropriate items authorized under the foreign aid program. I am simply pointing out that here is a vehicle that would put these forms of assistance under some appropriation provision and a necessary discipline and it would also designate them being precisely what you have said they are.

Secretary FREEMAN. Let me answer that by saying that it is, I think, impossible to split off a part of this program which I believe strongly ought to be administered in the last analysis in close cooperation, but nonetheless ought to be administered by the Department of Agriculture, because it is intimately related and tied in (a) to domestic American agriculture in terms of the commodities, their availabilities and

what is going to be beneficial to our domestic agriculture; and (b) is going to be determined in the light of international agriculture and some real know-how in connection with the agriculture of the receiving country and its effect upon other agriculture; in other words, this is basically in terms of a program intimately tied into American agriculture and American commodities. And so far as the grants, which are a minimum part of it, they play a relatively small part.

The AID part of it is really in title II which is involved with a close working relationship with AID in the direct economic development project, but where title I is concerned, as to minimum grants, I do not see how we could operate a program in which this part was split off. I think it would limit us very severely in terms of the effectiveness of the program, both where domestic agriculture is concerned and also the receiving country.

Mr. McINTIRE. I should like to have a report on this. You would not favor this amendment?

Secretary FREEMAN. Yes.

Mr. McINTIRE. Let me ask one further question, Mr. Chairman, which is brief. On page 10 of the statement, Mr. Secretary, you state:

→ We are proposing an amendment that would permit payments for services and supplies at discharge ports in these currencies instead of dollars.

First let me ask: When these shipments arrive at the port of entry in the recipient country, are we paying the costs on those commodities at the present time?

Secretary FREEMAN. Yes.

Mr. McINTIRE. Our commitment is on a delivered basis—it is on the dock, you might say and we are paying the transportation costs, et cetera?

Secretary FREEMAN. Let me see if I can state this. Mr. Eskildsen, who is administering the program, can correct me if I am in error a little bit in the detail—it is my understanding that when we ship in American bottoms there are certain costs incurred at the port of discharge which are included in the rate that we pay. We also absorb the difference between the American bottom and the foreign bottom. The cost equal to the foreign bottom is repaid to us in soft currency. If we ship in foreign bottoms we do not pay those charges and it is up to the receiving country all the way down. As it now stands, when we ship in American bottoms the cost of the discharge, let us say, is paid by the United States and has been paid in dollars, rather than in soft currencies. And the proposed amendment would make it possible that this would be paid in soft currency funds in the receiving country. Is that right?

Mr. ESKILDSEN. Yes.

Mr. McINTIRE. The reason why you are paying this in dollars on the American ships, is owing to the fact that ocean freight includes the unloading?

Mr. ESKILDSEN. Mr. McIntire, it is a question of financing by the Commodity Credit Corporation in dollars for the U.S.-flag ship that the Secretary referred to. The part that this amendment devotes itself to is that part of the cost which takes place in the foreign port and thereby presumably could be handled by the payment of local currencies. What we are trying to do is to get in a position where we can ask those costs be picked up in local currency. These have to do

only with the port costs, bunkering, some of the unloading costs, not with the cost of the freight itself. This would be, under the amendment proposed, handled wherever possible by the use of local currencies, rather than by having them financed by the Commodity Credit Corporation.

Mr. McINTIRE. The arrangement by which you now pay the transportation, by which you now pay the overage in transportation costs on American bottoms, does that include the unloading and is this by statute or is this by administrative determination?

Mr. ESKILDSEN. I would like to run through this very quickly; that is, the system which is used in carrying out the cargo preference act which is part of the problem here. In carrying out the cargo preference act we require that 50 percent, at least, of the commodities move in the U.S. bottoms. These bottoms, normally, cost more than the world market price for ocean freight. So we devised an arrangement whereby, up to the world market price, the shipping would be paid to us, just as for the commodities, in the form of the currency of the country to which we are sending it. There is a gap between that amount and the total cost of American shipping which is paid directly by the Commodity Credit Corporation. This amendment does not address itself to that differential. It addresses itself to the port costs which are paid by the shipowners moving into foreign ports and which could, we believe, in many cases be paid for in local currency, thereby making it unnecessary for the Commodity Credit Corporation to finance that part of the costs with dollars.

Secretary FREEMAN. Your question still has not been answered. I think the answer is that as the law now stands we are not able to change the negotiations to get refunded in dollars for this payment, and even though we get refunded for this amount of the payment in soft currencies, that does not meet this problem. However, if we could provide for that segment of it—if the law would facilitate our use of soft currencies, we could then provide for that payment of that segment in soft currencies. In other words, at present it does not specifically help us accomplish this use.

Mr. McINTIRE. If I may pursue that further, what you are telling us is that in an agreement on this you make delivery in a foreign bottom, that is, if you do, that the recipient country pays the freight?

Secretary FREEMAN. Right.

Mr. McINTIRE. In an agreement in which you are obligated by the law, at least, to make part of the shipment in American bottoms and the Commodity Credit Corporation is subsidizing the differential between the foreign bottom rate of freight and the American bottom rate of freight?

Secretary FREEMAN. That is correct.

Mr. McINTIRE. Delivered and discharged?

Secretary FREEMAN. That is correct.

Mr. McINTIRE. In both instances?

Secretary FREEMAN. That is correct.

Mr. McINTIRE. What your amendment would propose to do is to permit negotiation of the discharge costs to be paid in local currency?

Secretary FREEMAN. That is right.

Mr. McINTIRE. In the recipient country?

Secretary FREEMAN. That is exactly right.

Mr. McINTIRE. And the law does not permit you to negotiate that at the present time?

Secretary FREEMAN. Mr. Eskildsen indicates that it could be done. And your next question is why is it not being done. And it would be mine, too.

Mr. ESKILDSEN. We have made an effort to negotiate these arrangements, but possibly because of the experiences we have had in the past in doing it otherwise it has been difficult to reach those agreements. It is our feeling that if the Congress would give attention to this particular point and would give us support on it we would be in a better position to negotiate having these costs paid in local currency.

Mr. McINTIRE. Do you mean to tell me that in negotiating an agreement with a recipient country in which we already hold outstanding soft currency that you cannot negotiate that way under the law—that you cannot negotiate some of those soft currencies which we already have credited to our account so they can be used to pay for stevedoring and for unloading and port costs?

Mr. ESKILDSEN. I would not say that we would be completely unsuccessful. I would think that this amendment would give us some support in this respect. I think we would still succeed in some cases, but we would like to succeed in a lot of cases, in all cases, in fact, where it would be to our advantage.

Mr. McINTIRE. The thing that bothers me here is that this is another opportunity to make these commodities less expensive to the recipient country. How much farther must we go? We are going to have to use something in appropriations and authorization for these funds. How much farther do we have to go?

Mr. ESKILDSEN. The purpose of the amendment is to accomplish this with respect to these particular kinds of costs. This is the purpose of it.

Mr. McINTIRE. The present trouble is that the United States picks up the tab.

Mr. ESKILDSEN. The purpose of it is to give us a facility, the facility to use foreign currencies, rather than U.S. financing to pay for some of these port costs. This is the simple purpose of the amendment.

Mr. McINTIRE. I will not prolong the discussion, Mr. Chairman, but it seems to me that already you can do that. I would like to have the counsel of the Department point out the limitation in the law which says that this cannot be negotiated right now.

Secretary FREEMAN. We will do that, Mr. McIntire. I will look into it further myself. I want to say that the practice has grown up for a number of reasons where this has been paid to our shipping companies in dollars. We, by this amendment, will be in a better position to pay it with the soft currencies. I think that we can probably in many cases negotiate it, but this will strengthen our position, and we just ask for a clear statement of congressional intent in that regard which will make it easier to accomplish that goal.

Mr. McINTIRE. Thank you.

(The information referred to follows:)

There is no provision in Public Law 480 or related statutes which would prevent using foreign currencies to pay U.S. vessels for that part of the ocean freight costs which consists of foreign port charges. However, in accordance with the normal established commercial practice of the private trade, U.S. vessels in the past have used U.S. dollars in paying these charges and have in turn been paid under Public Law 480 in dollars. The foreign port charges involved are not

usually the stevedoring costs of unloading but instead consist of a number of other foreign port costs including tugboat services, piloting services, local agency fees, taxes, bunkering, wharfage, launch hire, lightering, lightening, etc. This amendment would give legislative support for the change in policy.

Mr. POAGE. I want to change a little bit the order of recognition. The chairman of the full committee is with us today, and I recognize Mr. Cooley.

Mr. COOLEY. I thank you very much, Mr. Chairman. I would like for the Secretary to give us some more specific information about how the barter system has worked. You mentioned it in your statement. I should like to know if in a comparison with a year ago or 2 years ago it is greater in volume or smaller in volume—just what it is?

Secretary FREEMAN. I am happy to report that the volume of barter is significantly up; that we expect in this year it will reach close to \$200 million which is almost as high as it has ever been. As you know, there has been a redirection of the program, because the strategic materials that provided the main barter item in the main part have reached a level where we no longer need them. There was a somewhat lengthy review that involved all segments of our Government with which you are familiar. And then there was the issuance of a new streamlined policy in connection with the emphasizing of off-shore procurement where we were not as active, I think, as we should have been before, and I think that the volume that we project now is close to \$200 million a year in barter, and a much more active barter program than has been the case in the past year.

Mr. COOLEY. In the operation of the barter program we have acquired strategic materials which are worth more now than they were at the time that they were acquired. I believe that you showed that we have made a profit. They have been put into storage, and they have gone up in value since we received them. I believe that we have received more return in cash value under the barter program than by any other program we have which is provided for in this law. If that is true, it seems to me that you could well expand rather than limit this. If you get something of value in exchange for surplus commodities it seems to me that is a good program. The Congress has approved this time and time again, you know.

Secretary FREEMAN. We have been working very hard on this. The volume of barter has ranged from 1955 through 1963 from a high of \$350 million, in 1956, when we were in a position of need, where some critical minerals, especially were concerned, to a low of \$39 million in 1963 which was during the period of revising and revamping the program, to a projected 1964 level of \$123 million which is a sharp increase. And our barter program has been very active these last 6 months.

Mr. COOLEY. As I say, that is a sharp increase over 1963, but 1963 was way down.

Secretary FREEMAN. But you see, I have given the figure of \$200 million which is higher than we have had, except for the 3 initial years, when we were procuring heavily for stockpiling. So we are going to be higher in barter this year than we have been any year since 1958.

Mr. COOLEY. Thank you. That is all.

Mr. POAGE. Mr. Hoeven?

Mr. HOEVEN. Mr. Secretary, I appreciate the progress report you have given us on Public Law 480. It has proven to be a rather popular program and is showing some results. This law has had bipartisan support ever since its inception during the 83d Congress.

Secretary FREEMAN. Yes, it has.

Mr. HOEVEN. I note that you are asking for a 5-year extension of title I and title II, instead of the present 3-year program. Why do you want a 5-year program?

Secretary FREEMAN. Basically because we have found in these programs that a leadtime in connection with them is really quite important, because they do involve the implementing of the programs that take some period of time, and the 3-year period, while it was a period under which we think we operated effectively, a 5-year period would make for a greater continuity of planning and operation than we could under this other basis.

Mr. HOEVEN. I share the concern expressed by Chairman Poage and Mr. Jones and Mr. McIntire regarding some phases of the program. I believe Congress should have the opportunity to review the entire program periodically without extending the life of the program for a longer time. I am not convinced there should be a 5-year extension. Your proposed amendment regarding payment of unloading costs has merit. And as far as I am concerned, the recipients should be required to pay the unloading costs.

Secretary FREEMAN. I agree.

Mr. HOEVEN. Now, Mr. Secretary, I am a bit puzzled about your request for a title II authorization of \$450 million per year. Has the Budget Bureau approved this?

Secretary FREEMAN. Yes, sir.

Mr. HOEVEN. Well, then, how do you explain the item in the President's budget for the fiscal year ending June 30, 1965, in which he only asks for \$264 million for the fiscal year 1964?

Secretary FREEMAN. I think, Mr. Hoeven—

Mr. HOEVEN. Apparently you are asking for \$206 million more than the President has requested in his budget.

Secretary FREEMAN. This question is very appropriate and timely. It reflects the problems I have at the time as well as in the overlap of authorization and expenditure. The amount in the budget is the expenditure. I think that you have in mind an expenditure figure. The amount that we ask here is an authorization figure. And the level for fiscal year 1964 was \$264 million. The authorization—

Mr. HOEVEN. Recommended for fiscal 1965.

Secretary FREEMAN. Recommended for 1965—which would be the level in this instance that we feel would actually be shipped during that fiscal year. This is a calendar year authorization. And we are dealing in the budget, of course, with a fiscal year expenditure figure. But I think, Mr. Hoeven, that they are not inconsistent.

Mr. HOEVEN. When did the Budget Bureau Director approve your \$450 million authorization request?

Secretary FREEMAN. This was approved within the last week.

Mr. HOEVEN. Within the last week?

Secretary FREEMAN. Yes.

Mr. HOEVEN. Do you mean to say it is not covered in the budget?

Secretary FREEMAN. Oh, yes. I think that current shipments would be covered in the budget under the appropriation, under the NOA—

new obligational authority—figure of the budget. However, under the expenditure figure for a current fiscal year in the budget, the new maximum programing authorization for a calendar year would not be shown.

Mr. HOEVEN. I refer you to the budget figures fiscal year 1965, page 82 under the heading, "Food for Peace," Public Law 480, title II, 1963, \$216 million; 1964, estimated \$246 million; 1965 estimated \$244 million. And new obligation, authority for 1965, \$265 million. It seems to me that you are asking for about \$206 million more than the President has requested.

Secretary FREEMAN. Well, I do not have the budget before me, but I would like to see it, if I may.

Mr. HOEVEN. Yes, you may. Here is my copy.

Mr. ESKILDSEN. I would be glad to try to give you what I think is the explanation for this.

Mr. HOEVEN. I would like to have the matter clarified, because I think it is important.

Mr. ESKILDSEN. I think this might be useful when the witness from AID, who administers title II comes up. But I believe that I can give you a general explanation of it which is factual.

The authorization for title II that you have before you is a 5-year program. It is also a maximum figure. As you can see from the facts the proposal is going from \$300 million to \$450 million. There is an intention to expand this program.

The budget figures you referred to, sir, are figures that reflect the actual movement of the commodities in any given year. Actually, the authorization under which one-half of fiscal 1965 would take place, if the authorization is current, would extend to December 31, 1964, and the figure here really reflects the movement of commodities. The figure that is before you in the extension of Public Law 480 has to do with the program maximum annually for the period ahead, so that you do have to equate these in terms of what actually happens under these programs as they go forward.

Mr. HOEVEN. You mean to say that the budget does not present the accurate figures?

Mr. ESKILDSEN. No; they reflect an accurate picture, but they reflect the picture that is always behind in time. The programing figure which is before you, in the extension of Public Law 480, is the reason for the difference.

Mr. HOEVEN. If I am not mistaken the Appropriations Committee will be guided by the budget requests—isn't that true?

Mr. ESKILDSEN. So far as the actual appropriation is concerned.

Mr. HOEVEN. And if you thereafter need more money you will have to ask for a supplemental appropriation will you not?

Mr. ESKILDSEN. Actually—

Mr. QUIE. I think that under this, actually, the Appropriations Committee would be bypassed—it would be by way of the back door, because this bill would permit money to be expended, and you would borrow from the Treasury.

Mr. ESKILDSEN. Actually—

Mr. QUIE. For the so-called spending.

Secretary FREEMAN. Setting the outside limits. The projects that you are speaking of—now I have this before me—I think that Mr. Eskildsen said, Mr. Hoeven, that the projection for fiscal 1965 is in

the level of \$264 million and an estimated expenditure level of \$244 million. To me this authorization would be a maximum that could be expended which we then would operate under, but the budget projection in this instance is the best that we can estimate as to shipments currently under these programs—the level set forth in the budget.

Mr. HOEVEN. Do you agree with Mr. Quie that this would be a back-door spending operation and that you would bypass the Appropriations Committee?

Secretary FREEMAN. This program from the very beginning has never been such an operation. I think that the term "back-door spending" carries with it unfortunate semantic overtones. Let us just say that this whole program, because of its nature, because of the great variations that we have to deal with and this complexity has been one where larger limits have been set by way of authorization in this committee. And the financing has subsequently been handled as it has under other agricultural programs, including our price support programs, in dairy and other things, through the Commodity Credit Corporation, based upon what the situation is, because of the many variations. It is very conceivable that there would be differences in these estimates based upon accidents of weather, or heavier or less heavy production, and amounts of surpluses that would be available—all of these contingencies enter in which cannot be sharply measured. And so a long time ago in these programs, and in this one, Congress in its wisdom set some broad authorizations, and within those we operate.

Mr. POAGE. Will you yield?

Mr. HOEVEN. I yield.

Mr. POAGE. I might make this observation as to back door spending. As I see this under Public Law 480, the Congress made the appropriation to the Commodity Credit Corporation to purchase these commodities. It is not back door spending there, because the Appropriations Committee appropriates whatever money is necessary to provide the capital stock for the Commodity Credit Corporation. Congress authorizes that, and this committee is the one that authorizes the purchase of these commodities by the Commodity Credit Corporation. Having purchased the commodities it seems to me that there is no further question of legislative appropriation. The Congress authorized the appropriation. The Appropriations Committee provided the money for the purchase. The commodities were purchased. This committee then authorized the transfer of one commodity into another commodity, and in some cases that other commodity is foreign currency. It may be in lira, it may be in rupees. It is the currency of all of these countries with whom we deal.

My feeling on the matter is that having authorized the transfer of wheat for rupees, for instance, that there is no appropriation necessary. We have authorized some of these commodities to be transferred as Mr. Cooley suggested under the barter sections of the bill. Nobody contends that the Appropriations Committee has to appropriate the grain or anything else under that program. If an appropriation is not necessary for a transfer of wheat for diamonds, why should it be necessary when we transfer wheat for rupees? Actually it is not. The Appropriations Committee does not claim that this first transfer requires an appropriation nor does it claim that it requires

an appropriation to transfer the diamonds. Why should it require an appropriation to transfer the rupees which were acquired in the same manner? To my mind, the Appropriations Committee is going far beyond its proper function in trying to control the handling of these commodities. And these currencies are commodities. They are not dollars. And under our basic system, they cannot be appropriated. The Appropriations Committee had no authority to appropriate anything except U.S. dollars out of the Treasury of the United States. It cannot appropriate anywhere else.

The only place it can appropriate is out of the Treasury of the United States. These currencies are not in the Treasury of the United States. They never have been and they cannot get there. They are not in the Treasury of the United States. The Appropriations Committee has no more right to appropriate them, as I see it, than it has to appropriate wheat out of the warehouses in Minneapolis, or cotton out of the warehouses in Houston, Tex.

Mr. HOEVEN. I will not take any more time, Mr. Secretary. I assume the President wants you to adhere to his budget requests. It seems to me that you are asking for \$206 million more than the President requested in his budget. This will have to be explained to the Congress. That is all I have to say.

Secretary FREEMAN. I would like to have the record show that the Congressman has not properly stated the situation, but we probably disagree on that.

Mr. HOEVEN. Does the gentleman question the accuracy of my figures?

Secretary FREEMAN. Yes, sir.

Mr. HOEVEN. You have the budget before you and the figures speak for themselves.

Secretary FREEMAN. I question, Congressman Hoeven, in this instance because I think—and I beg your pardon—that you are comparing apples and oranges, and I speak with all due respect.

Mr. HOEVEN. I am not concerned about apples and oranges. I am talking about \$206 million of the taxpayers' money.

Secretary FREEMAN. It is the difference between an authorization which projects a program which will run for a significant period of time, about which there are great variations and an estimate in terms of the particular fiscal year, and as such they do not represent identical items at all. And the conclusion of the budget implications that you draw I do not believe is quite fair or accurate.

Mr. HOEVEN. But, Mr. Secretary, with all due respect to your views, you do not deny the fact that in your statement you are asking for \$450 million per year for 5 years?

Secretary FREEMAN. That is correct.

Mr. HOEVEN. You do not deny the fact that in the President's budget he asks for only \$244 million for fiscal year 1964, with new obligation authority of \$264 million?

Secretary FREEMAN. This is the Presidential——

Mr. HOEVEN. That is a fact; is it not?

Secretary FREEMAN. Yes.

Mr. HOEVEN. All right. The difference between \$450 million in your request and the President's request of \$244 million is \$206 million.

Secretary FREEMAN. That is correct.

Mr. HOEVEN. The President is not asking for that amount.

Secretary FREEMAN. But the difference, Congressman, is that the one is an authorization in connection with this committee, and the long-term program with which you are familiar, and the other is a specific budgetary amount that is set forth this year, and as such we are talking about different things. We are asking for \$450 million a year for a 5-year program on title II. The expectation is the prediction of expenditures as set down in the President's budget. And I am sure that it will be adhered to. The figures we are projecting here is by way of overall authorization and is one that runs through a period significantly longer than the budget submitted that you drew my attention to. And that is why I say that you are comparing apples and oranges.

Mr. HOEVEN. This is a matter which you and the Budget Director will have to work out.

Secretary FREEMAN. Thank you.

Mr. HOEVEN. That is all.

Mr. POAGE. Mr. Matthews?

Mr. MATTHEWS. Mr. Chairman, and Mr. Secretary, I want to thank you for your statement. As usual it is articulate and informative and it is encouraging.

There is just one facet of this program, Mr. Chairman, that I am going to ask about and that is, if you will just make a brief observation about it, because it may be extraneous to this. The question is, Could you give us just a brief statement about similar Public Law 480 programs in other countries?

Secretary FREEMAN. I would want to check it. I know of no other country that has a program similar to this, Congressman Matthews. The world food program under the auspices of the Food and Agriculture Organization of the United Nations is launched on a 3-year program which has some similarity, not in terms of title I, but in terms of title II by way of economic development projects, child and school feeding, and emergency relief, using food, with contributions to \$100 million total program from some 60 different countries, including the United States.

Mr. MATTHEWS. Specifically, take a country like France, would France have some kind of a program that has some similarity to Public Law 480?

Secretary FREEMAN. To my best knowledge France has no program comparable to Public Law 480.

Mr. MATTHEWS. In other words, this program of ours is still, you might say, a rather unique program?

Secretary FREEMAN. This program of ours is a unique program. And as I indicated in the closing part of my statement, it is one that other nations, many of whom are moving into a surplus producing potential position, we believe should join with us. And some of the pioneering in this is being done under the world food program and in my judgment it will lead to that in the future. I think that in the future we will see, by many countries, an increased use of food accomplishing the same dual purposes that we have enjoyed here.

You might note also, in terms of our commercial markets in those nations that are importing nations and also prosperous that we feel should join with us in some of these programs, that one of the ways that they can is by fair arrangements, so that we may enjoy reasonable competitive access to the markets.

Mr. MATTHEWS. Thank you very much, Mr. Secretary.

Mr. POAGE. Thank you. I must call on members of the subcommittee before I call on our visitors.

Mr. Harding?

Mr. HARDING. Mr. Secretary, you point out, under title II, "we recommend that the authorization be increased to \$450 million per year for the requested 5-year period." But just above that, under title I, I cannot ascertain just what will be the annual increase in the authorization of title I. Could you spell that out for us further?

Secretary FREEMAN. Yes; I would be happy to put a breakdown of this in the record and will do so. To summarize here, the program level under title I, the shipments for this year is about \$1.8 billion, and this amount appropriated here, together with the carryover and the carry-in that we have, which gives us some flexibility, together with the repayment that we will receive from selling soft currency to other parts of the Government, say, to the State Department, will total out to a figure which, over the 5-year period when added to the \$7.1 billion will have a yearly level operation of about \$1.8 billion. The total, I think, is about \$9 billion total.

Mr. HARDING. So that it is roughly about \$2 billion increase?

Secretary FREEMAN. It will be about \$1.8 billion a year. That is not an increase. That is maintaining the current level, but some countries will be phased out pursuant to the direction of this committee. We have been moving on a commodity basis from title I to title IV as you set the standards and the policies that you have directed us to administer.

(The information requested follows:)

	<i>Millions</i>
Annual rate agreements to be signed, projected 1965-69-----	\$1, 800
Basis of authorization :	
1. Restoration of Dec. 31, 1961 carryover (approximate)-----	400
2. Reimbursements estimated from foreign currency sales and dollar loan repayments-----	1, 000
3. Estimated remainder of current authorization-----	500
New authorization required-----	7, 100
Total authorization 1965-69 (estimated)-----	9, 000

Mr. HARDING. Mr. Secretary, like Mr. Matthews, I want to thank you for your fine statement. I believe that your statement on page 13 that the abandonment of the food-for-peace program would be unthinkable is hardly a strong enough statement. I think that any cut in the food-for-peace program under our present conditions of overproduction and large surpluses in agricultural commodities would be unthinkable. Everywhere that I go in my district I find that my constituents want an expansion of the food-for-peace program to replace some of the dollar foreign aid program. I believe that you have presented an outstanding statement that is in line with the thinking of my constituents in Idaho.

I compliment you for this outstanding statement.

Secretary FREEMAN. Thank you.

Mr. POAGE. I thank you, Mr. Harding.

Mr. Stubblefield?

Mr. STUBBLEFIELD. I have no questions.

Mr. POAGE. Mr. Matsunaga?

Mr. MATSUNAGA. Mr. Secretary, I too would like to add my commendation for your fine statement.

Referring to page 10 of your statement, I would like to pursue what Mr. Hoeven was asking about, relative to your recommendation for the payment of services at the discharge ports in local currency. What is the estimated amount that would be saved in American dollars by this?

Mr. ESKILDSEN. I am afraid that I will have to give you a figure for the record later on. I would not have that with me at the moment.

Mr. MATSUNAGA. You have no figure?

Secretary FREEMAN. May we submit a figure for the record and send you a copy of it? We just do not know that figure offhand. I am sorry.

(The information referred to follows:)

Since local port costs vary for each type of vessel in every port of the world an estimate of the amount spent in foreign ports will be rather rough. However, a figure of around \$5 million per year could be considered realistic.

Mr. ESKILDSEN. I might say that a very, very rough estimate would put it in the order of magnitude of \$5 million.

Mr. MATSUNAGA. This would help our deficit in the balance-of-payments problem?

Secretary FREEMAN. Yes, sir; it would.

Mr. MATSUNAGA. Relative to the \$450 million which you are requesting—an increase of \$150 million per annum over what you are now getting for title II—is any part of it operational, or is it for the purpose of purchasing of different grains and commodities? Is any part of this going to be for operating expenses under title II; and if so, what percentage of it?

Secretary FREEMAN. The only part of it that would be operational would be the ocean shipping costs. The administration of it would not be provided for under that authorization. This runs to the commodities and the value of the commodities. And under the shipping preference the payments for shipping preferences. Otherwise, it would not be operational. There could be some for the processing of wheat into bulgur or that kind of thing—butter into butter oil, but only as it related to the commodity itself.

Mr. MATSUNAGA. Thank you.

Mr. POAGE. Thank you, Mr. Matsunaga.

Mr. Quie?

Mr. QUIE. Mr. Secretary, to better understand the questioning as to shipping costs, let us say that it costs \$16 a ton to ship grain in a foreign bottom, and there is a \$1 cost for unloading, and in this instance the recipient country pays the whole \$17 for that?

Secretary FREEMAN. Yes.

Mr. QUIE. When it is shipped in foreign ships?

Secretary FREEMAN. Yes.

Mr. QUIE. If an American bottom is used it will cost \$20 to ship it, for example, and also a dollar for unloading. Does the foreign country to pay \$16 for the shipping and we pay \$4 extra to the American shipping firm?

Secretary FREEMAN. That is correct, but we get the \$16 in soft currency.

Mr. QUIE. How about the dollar for unloading expense—do we also pay that dollar for unloading?

Secretary FREEMAN. That is correct, but we receive back foreign currency for that too.

Mr. QUIE. In other words, this means that when we ship in American bottoms the cost to the recipient country is \$16, using this example, while when we use foreign bottoms it is \$17 for the shipping and the unloading cost.

Mr. ESKILDSEN. I think that I can lead you through this. It is a little complicated. If the figures were the right figures that you are using—

Mr. QUIE. This is just an example. They are not the correct figures, of course.

Mr. ESKILDSEN. In the example of \$16 for the world market price for shipping, the additional \$4 for the U.S. shipping, on the U.S. movement, if we were able to finance the foreign port costs with foreign currencies we have on hand rather than with the dollar which is used by the vessel operator to buy foreign currency, we would then save the extra dollar in financing. This would be the effect of this kind of an operation.

Mr. QUIE. You have lost me.

Mr. ESKILDSEN. I am sorry. This is complicated. The effect of it is that we would use less dollars to finance the shipping and, presumably, if they use their own currency to pay for these costs, we would not get it back in terms of the local currency again, either, but it would reduce our amount of Commodity Credit Corporation financing.

Mr. QUIE. Let us not talk about what you are proposing; let us talk about what is happening right now.

Mr. ESKILDSEN. What is happening right now is this, that in the example that you have given us, the \$16 is given back to us in the form of the currency of the country. We pay outright for the \$4 difference between the world market price for shipping and the U.S.-flag ship costs and receive nothing back.

Mr. QUIE. We would also pay for the unloading cost when American bottoms are used?

Mr. ESKILDSEN. It would be part of the shipping cost, yes, but for which we are reimbursed in foreign currency.

We finance that unloading cost with dollars and receive back foreign currency.

Mr. QUIE. So that the recipient country has a little bit less cost to them in American bottoms when they are used, than when foreign bottoms are used and for that reason they really have no objection to the use of American bottoms, they would prefer the American bottoms.

Mr. ESKILDSEN. Could we put in a statement on this point for the record to make it perfectly clear?

Mr. QUIE. I would like to have that, using the dollar-and-cents example rather than the philosophy.

Mr. ESKILDSEN. I think that we can do that.

Secretary FREEMAN. I am a little confused on it myself. I learned a little bit this morning about it.

Mr. QUIE. Many people have been told that, for example, as to the Russian wheat deal, that the reason that the recipient countries proposed to use American bottoms in Public Law 480 shipments, is that

actually they get a little better deal than in the foreign bottoms. If this is true or not, I do not know. Actually, it is the same in both cases or it is not.

Secretary FREEMAN. Let us check on a hypothetical instance and put it in the record.

(The information referred to follows:)

Using the hypothetical rates which were quoted above: if the U.S.-flag vessel rate was \$21 per ton, including \$1 foreign port charges, and the foreign-flag vessel rate was \$17 per ton, including \$1 foreign port costs, the foreign government would be required to deposit its currency equivalent to \$17 per ton shipped on the U.S. vessel, so that the foreign port costs would be presumed to be included in both rates.

The advantage to the importing country in the use of U.S. vessels is that they can repay in their own currency, whereas if foreign-flag vessels are used they may not have enough of their own vessels and thereby have to pay in foreign exchange to hire those of other countries. The foreign exchange used is usually as difficult for their balance-of-payments situation as to pay in dollars, but for the freight rates are lower on non-U.S. vessels. However, when they can get us to pay dollars for shipments on U.S. vessels and reimburse us only for the foreign vessel rate and in their own currencies, they have both advantages, the lower rate and no foreign cost.

Mr. QUIE. Then my next question is to follow up the question that I asked a while ago in regard to back-door spending, you mention on page 6 of your statement:

During 1963 exports of American farm products under Public Law 480 totaled \$1.6 billion, the highest annual level since the program began.

Is this figure in world market prices, support level prices, support level prices plus cost to the Department of Agriculture, or the market price at the time?

Secretary FREEMAN. The \$1.6 billion you mentioned is a figure for export market value.

Mr. QUIE. That is the Commodity Credit Corporation costs?

Secretary FREEMAN. No. It is at the world price.

Mr. QUIE. It is at the world price?

Secretary FREEMAN. World price.

Mr. QUIE. Then under title I, in the budget the President indicated a substantial saving. As I recall, it was \$528 million. I may not be correct in that figure. But it is in that vicinity. Where does the saving come from? I understand that the savings would be because the wheat that now goes out is therefore a budgetary figure, of the cost to the Commodity Credit Corporation, and that the cost would be down by moving just as much food as you had before, but if you are basing it on the world market price I do not see that where the savings would come from.

Secretary FREEMAN. I will need to check this, but I think that the figures used in the budget of Commodity Credit Corporation cost figures reflecting our Government cost figures. The figures used at that particular point in this testimony, which are more meaningful as they relate to the real substance here, are world price, which is a more meaningful figure.

Mr. QUIE. Then we come back again to the question of Mr. Hoeven, if the \$244 million, as the President indicated in his budget, are Commodity Credit Corporation figures, and the \$450 million are world market prices, then the disparity is even greater.

Secretary FREEMAN. Now wait a minute.

Mr. QUIE. You recall that?

Secretary FREEMAN. I just said that these figures are world market prices.

Mr. QUIE. Throughout the whole statement or just that one figure?

Mr. ESKILDSEN. If we could leave the \$1.6 billion for a moment and deal with the other, the Secretary mentioned that the level is now \$1.8 million. This is at the Commodity Credit Corporation cost. The \$450 million authorization under title II that Congressman Hoeven referred to is also at Commodity Credit Corporation cost. The figures in the budget are Commodity Credit Corporation costs. It is possible to state these figures also in world market prices. I think that if you just drop out that one figure, which is on a different basis, we will have comparable figures. Let us put it that way.

Mr. QUIE. In other words, only one figure in your statement is based on world market prices?

Mr. ESKILDSEN. The \$1.6 billion. The rest of the figures we have been talking about here are all as Commodity Credit Corporation costs.

Mr. QUIE. Then also to try to get this thing in context, on page 11 of your statement, with respect to the various amounts of money in the various titles, under title I, \$10 billion, under title II, \$1 billion—are you using 10-year figures or are you using something else? You mentioned one place a 10-year figure, but not for the remaining titles.

Secretary FREEMAN. These are overall figures from the inception of the program.

Mr. QUIE. That is for 10 years since 1954?

Secretary FREEMAN. Yes, at world market levels for agreements signed. That is a question of programing, many times programing ahead, contracts signed ahead, deliveries may take 18 months and in the meantime sometimes there are contract adjustments. So just jumping from one situation to another it can be very confusing.

Mr. QUIE. Then my last question—for example, if the loan level has dropped to \$1.25 a bushel on wheat, would the Commodity Credit Corporation cost be the new loan level, even though the wheat was secured by the Commodity Credit Corporation at a level closer to \$2 a bushel?

Secretary FREEMAN. Yes, the figure which we have here would envisage a continuation of the program at the current level. And that is included in the \$7.1 billion projected figure.

Mr. QUIE. All of these then are based on 1964?

Secretary FREEMAN. Yes, sir, for the first year, but after that on the basis of permanent legislation now in existence.

Mr. QUIE. As the law presently requires?

Secretary FREEMAN. Yes, correct. Whether the wheat bill that is before this Congress goes through or not, unless it is a different one than the administration has recommended, we would still have the same situation in regard to the market price of wheat.

Mr. QUIE. And that is about \$1.30 a bushel?

Secretary FREEMAN. Yes, for the 1964 crop, but under the existing law the wheat price basis in the program is assumed to go back up to the fiscal 1964 level in the budget after the first year.

Mr. QUIE. Thank you.

Mr. POAGE. Thank you, Mr. Quie.

Before I recognize you, Mr. Findley, may I ask a question of the committee and for that we will go off the record.

(Discussion off the record.)

Mr. POAGE. Back on the record.

Now, Mr. Findley, we will be glad to hear from you.

Mr. FINDLEY. Mr. Secretary, one of the subsections in title I refers to the tourist dollar amendment. We have a gold outflow problem in the United States. And one of the reasons for this problem has been the spending by U.S. tourists abroad. I am wondering why it is that this subsection as to the tourist dollar authority has not been utilized fully in negotiating your agreements. This would be one way that we could help the gold problem. We could get the U.S. tourist to change his dollars for the U.S.-owned foreign currency and that would help.

Secretary FREEMAN. It would.

Mr. FINDLEY. Could we utilize this subsection to a fuller extent?

Secretary FREEMAN. This is a matter that is taken into consideration in the various negotiations, as you know, which are conducted by a cross section of the various operating departments within the Government, and it relates to the problems of the country in question and its dollar position as well as our own.

Mr. FINDLEY. Since this was enacted in 1961 the United States has concluded several agreements with Communist Yugoslavia under Public Law 480, title I. U.S. tourists spend about \$3 million a year in Yugoslavia. Has this tourist-dollar subsection been utilized in Yugoslavia?

Secretary FREEMAN. I do not believe so.

Mr. FINDLEY. You do not know whether it has?

Secretary FREEMAN. I do not think so; I say no.

Mr. FINDLEY. Can you imagine why we would defer to the currency problems of a Communist country and their local needs when we have such a pressing gold outflow problem ourselves?

Secretary FREEMAN. This has been a rather complicated problem. One of the things we have accomplished with both Poland and Yugoslavia has been a very significant increase in the amount of commercial dollar trade. And the problem in that connection, of course, is if they are going to buy from us for dollars, they have got to have dollars to pay for the commodities. And some of those dollars have come from the tourists, the tourist activity. And so on balance, particularly when there have been very limited amounts, we have felt that we would benefit commercially and dollarwise more in pushing in the direction of insisting on their buying substantial amounts of agricultural commodities for dollars, and this has been involved in the question of the application of the most-favored-nation treatment and other things with which you are familiar. And so on balance we felt that our dollar position was improved in following this direction, rather than the one which has been a matter of sensitive negotiation. And in the long run we think it would cost us dollars.

Mr. FINDLEY. Would you have any objection to an amendment to Public Law 480 which would require that the tourist dollar section be one of the authorized uses for currencies by the United States under these agreements?

Secretary FREEMAN. It could be negotiated out as you have pointed out. I would oppose an effort to make it mandatory for the reasons I have given.

Mr. FINDLEY. You would oppose it?

Secretary FREEMAN. That it should be mandatory. Any place that we can save dollars on our balance-of-payments problem, I can assure you that we are pushing hard to do it, because of the difficult and critical dollar position, but as in this instance, let me just give you a hypothetical example which is very possible. Recently, we have negotiated Public Law 480 with Poland. It is for \$90 million. This arrangement involves \$60 million of sales for dollars and only \$30 million sales under Public Law 480 which will also be repaid in dollars over a 40-year period.

Mr. FINDLEY. What percentage of the local currency is required under this?

Secretary FREEMAN. All of it.

Mr. FINDLEY. The entire amount?

Secretary FREEMAN. The entire amount.

Mr. FINDLEY. Is it a part of it?

Secretary FREEMAN. That is the entire amount that would be repaid—the entire amount is for dollars.

Mr. FINDLEY. The tourist dollar feature is a part of that agreement—is that included?

Secretary FREEMAN. No. Tourist dollars are not a part of it. I was using this as a hypothetical example. Let us assume that the tourist dollar which has presented special difficulties in negotiations, precluded the closing of the agreement, which would mean that \$60 million, and suppose that the tourist dollars involved were \$3 million. Well, obviously, we would rather have \$60 million than \$3 million.

I want to assure you that we are negotiating all of these, looking toward trying to strengthen this critical balance-of-payments situation with which all of us are deeply concerned, a problem which the Presidential Committee has worked on, and there have been very stern directives in connection with it which have been followed.

Mr. FINDLEY. Mr. Secretary, I assume that soybean oil will continue to be a part of the Public Law 480 program in the future, will it not?

Secretary FREEMAN. Yes, sir.

Mr. FINDLEY. Was this a part of your discussion on February 10 in Illinois as to the soybean situation—

Secretary FREEMAN. I cannot say.

Mr. FINDLEY (continuing). Under Public Law 480?

Secretary FREEMAN. I cannot say that it was a part of it. I do not understand the question.

Mr. FINDLEY. This clipping was a news report on your speech in Illinois. I thought that you might be interested in it. It was reporting on your speech to the Soybean Association in the State of Illinois.

Secretary FREEMAN. Pardon me—to the Soybean Producers Association?

Mr. FINDLEY. Right, in which you refer to me as the hatchetman for the Republican Party.

Secretary FREEMAN. That is a fair title, do you not think, sir?

Mr. FINDLEY. I want to be able to prove it, because it is quite a high position. [Laughter.]

Secretary FREEMAN. I think you have earned it.

Mr. FINDLEY. You stated in that speech, according to this report that I have been selected as the hatchetman to twist and distort figures, to help the Republican Party. "This man has been selected"—this is a direct quote—"he admits being the hatchetman of the Republican Party."

Now, I am curious as to your source of information. Where did I admit being the hatchetman of the Republican Party?

Secretary FREEMAN. To that extent the statement is not a direct quote. I never said that you admitted it. I think that you would be too modest and enjoy too much the position of a politician to do so, but I think that the facts speak for themselves.

Mr. FINDLEY. Can you tell me where I attacked the integrity of the Department of Agriculture?

Secretary FREEMAN. You have questioned figures again and again which had a very direct impact upon certain people who have made reports, people of long standing.

Mr. FINDLEY. You were speaking that day about a letter which I sent to you on February 8, the full text of which I have here. I did not question the integrity of anyone. I simply brought to light a criticism brought by one section of your own Department against another section, so if there was any questioning of integrity it was by your own Department, not myself.

Secretary FREEMAN. Let me just say that if you do not question the integrity of the Department's witnesses, why the statement as issued and as interpreted was one which was read by the Secretary as questioning their integrity, and many other statements, which have indicated that you felt—you so stated—that the figures were juggled to get certain results, and that some of them have been the product of people who have been issuing similar statements, some of which have been in support of programs, some of which have been derogatory to them. And I, very frankly, wanted to bring up the thought that you had been very loose in your criticisms and your use of figures, that you have jockeyed them around for political purposes without much regard to their validity.

Mr. FINDLEY. You make serious charges.

Mr. POAGE. The chair has been very patient and has allowed a wide latitude in questions but this discussion has absolutely nothing to do with the Public Law 480, which is the subject of this hearing. I do not want to cut anybody off, because we are rather liberal with our interpretation of relevancy, but I cannot see the relevancy of this. I can understand why you and the Secretary may have grounds for a discussion, but I cannot see what it has to do with the hearing that is before us.

Mr. FINDLEY. Mr. Chairman, he has made serious charges.

Mr. POAGE. I understand.

Mr. FINDLEY. I am sure that you will agree to that. He made serious charges in Illinois without backing them up. I have this letter and—

Mr. POAGE. What has it to do with Public Law 480, the subject of this hearing? I can understand that you might very well seek to get

into a newspaper debate in Illinois, but why keep the members of this committee here when we have assembled for the purpose of going into a hearing on Public Law 480. You come to this committee—and you are always welcome—we are delighted to have you ask for any information or to express any thoughts, or to ask any questions you have on the subject before this committee, but this committee is not investigating your relationship with the Secretary. It is not concerned with that, but if you have anything relevant on Public Law 480, the committee will be delighted to extend you time to participate in the discussion on the subject before the committee. However, I think that in all fairness to those committee members who are giving their time to the matter before us, that it should be pointed out that not a single one of the members of your side of the House who are members of this subcommittee have remained in the room to hear you. The members on the majority side are here for the purpose of considering the legislation before us. If you cannot get one Republican member of the subcommittee to hear you, why should the other members stay here to give you a forum to engage in a private debate which has nothing to do with Public Law 480?

Mr. FINDLEY. I could summarize my views very briefly. I would simply like to state that there was nothing in my statement which was inaccurate. I know of nothing that I have ever said that justifies such charges. And I would like then for him to detail his charges in the record so I can refute them.

Mr. POAGE. Now the chairman will ask that nothing of that kind be put in the record. You can put it in any other kind of report that you want, but this is a record relating to Public Law 480, and unless your discussion is relevant I do not see why you should come to this hearing and ask to get in the record. You cannot come in here as a cuckoo and lay your eggs in this basket.

Mr. FINDLEY. I have been called the hatchetman, and now a cuckoo bird, so it would be quite a challenge to an artist to paint my picture. My comments are relevant, because I am a member of the Agricultural Committee, because Mr. Freeman heads the Agricultural Department and because he made serious charges against me. That is the reason I brought up the topic.

Mr. POAGE. While I again want to say that you are welcome, you are not a member of this subcommittee. You have not, as a member of this subcommittee, been maligned in any way; that is, as a member of this subcommittee nothing has happened to you. This is the Foreign Agricultural Subcommittee which is meeting here this morning to consider a specific subject matter. I am sure that you went to church the day before yesterday, and you did not raise the question there in that meeting. I think your discussion would have been about as much in order there as it is here.

We will be glad to hear from you, Mr. Jones.

Mr. JONES of Missouri. Inasmuch as all of the members of the subcommittee have left and we have work on the floor of the House, I would suggest that we adjourn.

Mr. POAGE. I would like to have you withhold that motion so that we may hear Mr. Dole. If he has anything that relates to Public Law 480—

Mr. DOLE. I want to get some tables.

Mr. JONES of Missouri. I will withhold it.

Mr. DOLE. Do you have figures on sales of different types of wheat under title I, Public Law 480—do you have a table on that?

Secretary FREEMAN. Yes.

Mr. DOLE. With reference to the statement on page 8 about the 44 U.S. trade associations and the like, could we have a breakdown of these associations?

Secretary FREEMAN. Yes.

Mr. DOLE. Could we have that?

Secretary FREEMAN. Yes; we will be glad to furnish that—we will be very happy to make that available for the record.

(The information referred to follows:)

The Department was faced with a new situation following the passage of Public Law 480 in 1954 to put into operation the provision "to help develop new markets for U.S. agricultural commodities on a mutually benefiting basis." This endeavor was to be carried out in many countries, with varying cultural and economic backgrounds and wide differences in marketing systems.

One of the initial decisions was to carry out the foreign market development program by working principally through agricultural trade organizations operating on a commodity basis, so that the program would be closely associated with representatives of those actually selling agricultural commodities. This decision brought other resources into the program from private contributions and also focused the attention of these groups, many of which had little or no export experience, on the potential foreign markets for their products.

In an effort also to bring into the program the knowledge and financial resources of those firms and groups overseas which process and distribute U.S. agricultural products, and to overcome possible local resistance to American Government programs in foreign countries, the practice of using local cooperators has been followed in most countries. These groups in the importing countries, working with the U.S. cooperators, have proved to be a valuable addition to the program. Their industry connections and knowledge of local conditions have provided insight and judgment which could not have been obtained only by stationing American technicians abroad.

Attached is a listing of FAS expenditures from inception of the program through June 30, 1963, for all market development cooperator projects. Separate listings are included for each of the 44 active and 39 inactive U.S. cooperators. The table also shows fiscal year 1963 expenditure rates for the active cooperators, and the dates the present active cooperators came into the program.

In total, \$22,448,738 have been expended from FAS funds for joint market development cooperator projects while U.S. and foreign cooperators have contributed a total of \$23,758,761 in cash, goods, and services. In fiscal year 1963, a total of \$5,994,638 in FAS funds were expended for joint cooperator projects. For the same period, the cooperator contributions amounted to \$5,935,864. In addition, \$3,764,142 in FAS funds were expended for trade fairs, trade centers, economic research program operating expenses, and small projects for which cooperators were not available. The total FAS expenditures for 1963 were \$9,758,780.

Wheat: Inspections for export under title I, Public Law 480, by classes and country of destination

JULY 1962-JUNE 1963

[Thousands of bushels]

Country of destination	Hard Red Spring	Hard Red Winter	Soft Red Winter	White	Mixed	Durum	Total
Colombia.....	132	727		28			887
Ecuador.....				19			19
Peru.....				615			615
Bolivia.....		384					384
Brazil.....		39,161			920		40,081
Paraguay.....		1,304					1,304
Poland.....		13,421	3,210		2,876		19,507
Yugoslavia.....		28,258	2,534	3,173	6,231		40,196
Greece.....							
Turkey.....		11,182	1,877	944			14,003
Cyprus.....							
Sudan.....	1,138						1,138
Iran.....	43	4,376					4,419
Israel.....		7,803					7,803
India.....		91,472		39,447			130,919
Pakistan.....	189	28,877		19,552			48,618
Korea.....		13,081		9,489			22,570
Taiwan (Formosa).....		6,829		4,078			10,907
Congo, Republic of.....							
Tunisia.....		3,399					3,399
Egypt (United Arab Republic).....		16,861	3,655	5,371	755		26,642
Total.....	1,502	267,135	11,276	82,716	10,782		373,411
Colombia.....							
Ecuador.....							
Peru.....							
Bolivia.....							
Brazil.....		13,502					13,502
Paraguay.....		798					798
Poland.....		2,639					2,639
Yugoslavia.....	196	1,706					1,902
Greece.....		1,261					1,261
Turkey.....		4,946	354		372		5,672
Cyprus.....		377					377
Sudan.....		1,248					1,248
Iran.....							
Israel.....		4,904					4,904
India.....		66,876	371	20,765			88,012
Pakistan.....	153	29,579		10,705			40,437
Korea.....		6,650		4,865			11,515
Taiwan (Formosa).....		2,233		2,819			5,052
Congo, Republic of.....	37						37
Tunisia.....							
Egypt (United Arab Republic).....		16,305	2,176				18,481
Total.....	336	153,024	2,901	39,154	372		195,837

Source: Grain and Feed Division, FAS, Feb. 19, 1964.

Total expenditures of active cooperators—Includes active and inactive projects of each cooperator

	Date of 1st project	Fiscal year 1963 expenditures	Total FAS expenditures
1. American Guernsey Cattle Club.....	Feb. 24, 1959	\$587	\$1,126
2. American Jersey Cattle Club.....	Mar. 22, 1961	2,144	9,583
3. American Soybean Association.....	Apr. 3, 1956	107,271	677,383
4. Brown Swiss Cattle Breeders Association.....	Nov. 21, 1957	1,246	6,167
5. California Prune Advisory Board.....	June 11, 1957	100,684	305,653
6. California Raisin Advisory Board.....	May 15, 1957	98,746	189,471
7. American Angus Association.....	Feb. 8, 1962	8,504	8,504
8. Cotton Council International.....	May 23, 1955	1,023,625	5,647,601
9. Cranberry Institute.....	Dec. 8, 1960	16,887	21,576
10. Dairy Society, International.....	Mar. 27, 1956	86,633	655,447
11. Dried Fruit Association of California.....	Feb. 8, 1961	846	1,833
12. Florida Citrus Commission.....	July 9, 1957	82,988	351,079
13. Great Plains Wheat.....	Oct. 5, 1959	734,519	2,065,323
14. Holstein-Friesian Association of America.....	Sept. 27, 1956	3,213	27,496
15. Institute of American Poultry Industry.....	Sept. 1, 1956	531,890	1,337,265
16. International Brangus Breeders.....	Apr. 23, 1963	0	0
17. Millers' National Federation.....	Mar. 21, 1956	989,640	371,046
18. National Dry Bean Council, Inc.....	May 29, 1963	0	0
19. National Livestock and Meat Board.....	Apr. 16, 1962	1,485	2,970
20. National Renderers Association.....	July 5, 1956	56,992	530,536
21. Red Cherry Exports, Inc.....	Feb. 15, 1962	8,366	22,538
22. Soybean Council of America.....	Feb. 18, 1957	1,315,596	3,146,291
23. Sunkist Growers, Inc.....	Dec. 29, 1959	57,820	69,611
24. Tanner's Council of America.....	Mar. 26, 1963	0	0
25-28. Tobacco Associates, et al.....	Jan. 18, 1956	471,434	2,694,020
(a) Leaf Tobacco Exporters Association.....			
(b) Burley and Dark-Leaf Tobacco Export Association.....			
(c) Tobacco Associates, Inc.....			
(d) Virginia Dark-Fired and Sun-Cured Tobacco Association.....			
29. U.S. Feed Grains Council.....	Oct. 1, 1960	508,018	944,093
30. U.S. Rice Export Development Association.....	Aug. 19, 1957	154,833	256,935
31. Western Bean Dealers, Inc.....	Mar. 1, 1957	13,528	29,958
32. Western Wheat Associates and Great Plains Wheat (joint project).....	Sept. 2, 1958	349,866	1,125,736
33-34. National Hide Association and Western States Meat Packers (joint project).....	Sept. 15, 1960	74,176	316,696
35. National Canners Association ¹	Sept. 3, 1963	0	0
36. American Brahman Breeders Association.....	May 22, 1961	7,558	14,209
37. American Dry Milk Institute ¹	Aug. 20, 1963	0	0
38. American Hereford Association ²	Aug. 11, 1961	0	0
39. American Seed Trade Association ¹	Sept. 27, 1963	0	0
40. Ayrshire Breeders Association.....	Nov. 19, 1959	0	444
41. Western Wheat Associates.....	Nov. 24, 1959	65,995	193,657
42. Poland China Record Association ²		0	0
43. Purebred Dairy Cattle Association.....	Sept. 18, 1957	0	865
44. Santa Gertrudis Breeders, International.....	May 29, 1961	76	2,865
Subtotal.....		5,975,166	21,027,977

¹ Agreement signed in fiscal year 1964, no billings received as yet.

² Participated only on informal basis and have not spent FAS funds.

TOTAL EXPENDITURES OF INACTIVE COOPERATORS

	Effective date	Fiscal year 1963 expenditures	Total FAS expenditure
Cooperator:			
1. Agrarian University, Peru.....			\$8,000
2. American Meat Institute.....			51,632
3. Board of trustees of L.S. Junior University.....	Jan. 27, 1958		
4. California Grape and Tree Fruit League.....	June 8, 1959		3,339
5. Cling Peach Advisory Board.....	Oct. 3, 1957		1,365
6. Department of Tecnico, Inter-American.....	June 17, 1958		24,754
7. Eastern Brahman Association.....			890
8. Escutorio Tecnico de Agricultura.....	Aug. 27, 1957		13,174
9. Grain Sorghums Producers Association ³	July 29, 1959		69,274
10. Great Lakes Cherry Producers Cooperative, Inc.	Mar. 5, 1960		689
11. Michigan State University.....	May 20, 1957		22,518
12. National Association of Margarine Manufacturers.....	Apr. 4, 1958		1,274
13. National Cigar Leaf Tobacco Association.....			6,048
14. American Polled Hereford Association.....		335	8,985
15. National Federation of Grain Cooperatives.....	Mar. 27, 1958		6,670
16. Northwest Horticultural Council.....	Mar. 29, 1958		8,904
17. Oregon Seed Council.....	Apr. 11, 1958	12,841	23,193
18. Oregon Wheat Growers League ⁴	Mar. 1, 1956		613,598
19. Pacific Seed Export Market Institute.....	June 13, 1958		8,346
20. Peruvian National College of Agriculture.....	Apr. 17, 1957		10,924
21. Programma Cooperativo de Experimental.....	Feb. 4, 1958		10,378
22. Servicio Cooperativo Internacional de Agricultura.....			2,629
23. Servicio Cooperativo Internacional de productos de Alim.....			19,868
24. Texas Certified Seed Producers, Inc.....	Jan. 4, 1961		9,381
25. University of California Agricultural Experiment Station.....	May 9, 1960	6,278	1,681
26. Nebraska Wheat Growers ⁵	Sept. 3, 1957		36,118
27. Division of Wheat Development, State of Nebraska.....	Sept. 29, 1956		15,972
Joint cooperators:			
1. Millers National and Oregon Wheat.....		18	168,849
2. Nebraska Wheat and Washington Wheat Growers Association.....			57,918
3. Oregon Wheat and American Soybean Association.....			190,876
4. Pacific Seed and Oregon Seed Council.....	July 14, 1959		7,226
5. Programma Cooperativo de Experimental and Servicio Cooperativo Internacional de Alim.....	Sept. 19, 1958		10,889
Subtotal.....		19,472	1,420,761
Grand total.....		5,994,638	22,448,738

³ Superseded by U.S. Feed Grains Council, Oct. 1, 1960.

⁴ Superseded by Western Wheat Associates, U.S.A., Inc., Nov. 24, 1959.

⁵ Superseded by Great Plains Wheat Marketing Division Association, Oct. 5, 1959.

Mr. POAGE. Thank you, Mr. Dole.

We thank you very much, Mr. Secretary, for your presentation. It has been very helpful to us and we appreciate your attendance.

The committee will now stand adjourned until 10 o'clock tomorrow morning.

(Whereupon, at 12:20 p.m., the subcommittee was in recess, to reconvene at 10 a.m., Wednesday, February 19, 1964.)

EXTENSION OF PUBLIC LAW 480--TITLES I AND II

WEDNESDAY, FEBRUARY 19, 1964

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON FOREIGN AGRICULTURAL OPERATIONS
OF THE COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met, pursuant to recess, at 10 a.m., in room 1310, Longworth House Office Building, Washington, D.C., Hon. W. R. Poage (chairman of the subcommittee) presiding.

Present: Representatives Poage, Jones of Missouri, Matthews, Harding, Stubblefield, Matsunaga, Dague, and McIntire.

Also present: Representatives Purcell, Olson, and Quie.

Christine S. Gallagher, clerk; Hyde H. Murray, assistant clerk; John J. Heimburger, counsel; Robert Bruce, assistant counsel; and Martha Hannah, staff.

Mr. POAGE. The subcommittee will please come to order.

We decided yesterday in the subcommittee that the only way that we could proceed and hear the witnesses would be to limit the time of each witness. We have eight witnesses scheduled this morning, with 2 hours' time. The committee is interested in getting to hear everyone, and we suggest that those who present statements spend no more than 7 minutes in presenting their statements. I realize that some of you have prepared statements that will require longer than that time, but if you will not read for more than 7 minutes, you may insert the balance of your statement in the record. That will give us an opportunity for questions by the members of the committee who have pertinent questions on a particular subject. We will not go around the line. We are not going to go down the line asking every member if he wants to ask questions.

Our first witness is our colleague, Mr. Derwinski from Illinois.

We will be pleased to hear from you now.

STATEMENT OF HON. EDWARD J. DERWINSKI, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ILLINOIS

Mr. DERWINSKI. Mr. Chairman, and members, it is not my purpose to discuss all phases of Public Law 480, except to state that I believe the present law should be extended with the necessary modifications that experience has revealed are practical. It is my purpose to direct your attention to one amendment which I believe should be included in the bill and would be most helpful. That is my proposal that we use our surplus local currencies which have accumulated, specifically, in Poland and Yugoslavia, and make them available to private enterprise farmers on a loan basis, with reasonable terms and credit condi-

tions. The reason for advancing this thought is that in Poland and Yugoslavia, because of the resistance of the farmers to communism, collectivization has not been implemented, although the governments of both of these countries are trying, by economic pressures, to force the farmers into collective farm systems.

It is my suggestion that inasmuch as in both of these countries we have accumulated substantial funds and rarely get permission from the Governments to use them in an effective fashion, and we cannot withdraw them, that we could strike a blow for freedom by making these funds available to the individual citizens, rather than to Communist governments.

As a member of the Foreign Affairs Committee of the House, we are often told that when we propose various restrictions to the foreign aid program, that we are tying the hands of the administrators. In this proposal we would be doing just the opposite. We would be giving them leverage with which to negotiate a better use of accumulated local currencies. Should we offer this type of program and the government of any of these Communist countries turns it down or refuses to accept this proposal, we would demonstrate to the world the fact that we are interested in the people of those countries and that their own governments are not.

This proposal has, I believe, a tremendous psychological possibility in the battle for the minds of men throughout world, and I do not believe that it would be an impediment or restriction in the administration of this act.

I hope that by making this brief presentation calling this to the attention of the committee, that when you enter executive session, this might strike the committee as having great possibility and I therefore present it to you as a point worthy of discussion.

Mr. POAGE. We are very much obliged to you, Mr. Derwinski, for this suggestion. Frankly, I do not know offhand the nature of our agreements, whether the existing agreements would allow this use. If not, I think that we could consider it and if there is not any conflict with what now is outstanding, we could avail ourselves, perhaps, of this suggestion. We will make your entire statement a part of the record at this point.

Mr. DERWINSKI. Thank you, sir.

(The prepared statement of Mr. Derwinski follows:)

STATEMENT OF HON. EDWARD J. DERWINSKI, A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF ILLINOIS

It is not my purpose to discuss all phases of Public Law 480 except to state that I believe the present law should be extended with the necessary modifications that experience has revealed are practical. My purpose in appearing before you this morning is to direct your special attention to one area where a new concept can be added; that is, in the use of foreign currency in countries having a Communist government.

The two Communist countries in which we hold substantial amounts of foreign currency are Poland and Yugoslavia.

On January 14 of this year, I reintroduced a measure, H.R. 9619, which I had previously introduced in the 87th Congress, that would add the following new subsection to section 4:

"(t) For farm improvement loans on reasonable terms and conditions to individuals who own and operate farms in countries having a Communist government where surplus agricultural commodities are sold under this Act; except that foreign currencies shall be available for the purposes of this subsection (in addition to funds otherwise made available for such purposes) only in such amounts as may be specified from time to time in appropriation Acts;"

Since in Poland and Yugoslavia the local currencies we have acquired under Public Law 480 are accumulating—in Poland \$452.5 million and in Yugoslavia \$597.3 million as of June 30, 1963—and the Government is most reluctant to permit effective use of the funds, the inclusion of the language of H.R. 9619 would give the administration flexibility and an effective negotiating tool.

A basic weakness in all Communist countries is the independence of the farmer and their stubbornness to bow to the collectivization of farms.

By offering individual farmers loans on reasonable terms and conditions, we would be supporting free enterprise, thus strengthening their resistance to Communist pressures.

We might well assume that the Communist governments of Poland and Yugoslavia and, for that matter, those of any Soviet satellite in which local currencies might be acquired under Public Law 480, would naturally object to a program of this nature. Yet in so doing, they would be denying their own farmers an opportunity for development and improvement from the oppressed conditions under which they now labor. The world would then see that Communist governments do not have the interest of their own citizens at heart.

I believe this proposal would give our State Department tremendous flexibility and negotiating leverage; would be an effective move by the Congress in the psychological struggle which we must carry on in the face of the international Communist conspiracy, and would demonstrate the interest of the U.S. Government and its people in the individual citizen suffering under a Communist government.

I take sharp issue with continuing aid to Yugoslavia and Poland and any other Communist country, but my proposal is aimed at circumventing the government and reaching the people, thus dramatizing the aid that is obtainable from the United States, in contrast to the inability of their governments to adequately improve their status.

Since aid to Communist governments has been greatly reduced and of late is limited almost entirely to surplus agricultural commodities, while their governments refuse, as I have indicated, to permit practical use of U.S. funds, I believe the inclusion of my proposal in the law will be beneficial to the administration of the bill and provide an effective weapon in the field of diplomacy and the contest for world opinion in support of free world concepts against Communist colonial and imperial practices.

Mr. POAGE. If any of the members have specific questions on any specific subject, we will be glad to hear from them, on something that they want to clarify, or to get some information on.

Mr. MCINTIRE. I want to express my appreciation to you, Mr. Derwinski. I agree with my colleague, Mr. Poage. I think that we ought to discuss this in executive session and make some inquiry as to the manner of the agreements, which the chairman has mentioned; and, also, to consider moving independently of the Government in following this suggestion. I want to express my appreciation to you for this suggestion.

Mr. DERWINSKI. Thank you.

Mr. POAGE. I think that we should contact both the Department of Agriculture and the Department of State on this suggestion. One of our problems here, Mr. Derwinski, is that we do not know who to deal with with regard to this. Of course, theoretically we deal with the Department of Agriculture. We know perfectly well that the Department of Agriculture is not in on a great deal of this operation.

Are there representatives from the Department of Agriculture and the Department of State here this morning? I hoped that there would be. Whom do you represent?

FROM THE FLOOR. Department of Agriculture.

Mr. POAGE. All right; I wish that you would carry back to the Department the word that we want to go into this, and we want to talk to the Department about this, and to get their views on it.

Thank you very much, Mr. Derwinski.

Mr. DERWINSKI. Thank you, Mr. Chairman.

**STATEMENT OF KENNETH D. NADEN, EXECUTIVE VICE PRESIDENT,
NATIONAL COUNCIL OF FARMER COOPERATIVES**

Mr. POAGE. Our next witness is Mr. Kenneth Naden of the National Council of Farmer Cooperatives.

We will be glad and pleased to hear from you now.

Mr. NADEN. Thank you, Mr. Chairman, and gentlemen. I have a short statement which I believe I can read, and keep within the time limits you have mentioned, with no trouble.

I am Kenneth D. Naden, executive vice president of the National Council of Farmer Cooperatives. The national council is a nationwide federation of farmers' business associations engaged in the marketing of agricultural commodities or the purchasing of farm production supplies or both, and of State cooperative councils. The membership includes many of the major federated and regional farmer cooperatives of the country. The organizations making up the council are owned and controlled by farmers as the off-farm departments of their overall farm business operations.

The national council's primary function is to create and maintain a climate in which the individual agricultural producer can operate efficiently and obtain income for his efforts and capital investment commensurate with the income of individuals in other business segments of the economy. Therefore, we have a strong interest in the programs for long-range growth and stabilization of markets, both at home and abroad, for U.S. farm products. We believe that farm income and the national welfare are both improved through sound expansion of international trade.

The attitude of the membership of the National Council of Farmer Cooperatives, with regard to Public Law 480, is expressed in the following policy statement adopted at the 1963 annual meeting:

Public Law 480: The National Council of Farmer Cooperatives recommends—

1. That Public Law 480 (Agricultural Trade Development and Assistance Act of 1954) be continued as a mechanism for aiding exports of farm commodities and that sufficient funds be provided to implement effectively the objectives of the act.

2. That expansion of Public Law 480 funds be based upon activities designed to expand longrun commercial sales and to aid sound economic growth of developing foreign countries. Many developing areas of the world today may be important future markets for U.S. farm products.

In our last testimony on the subject of agricultural trade development before this committee on February 28, 1962, we repeated our steadily held views that our surplus farm commodities can be used as an effective means of promoting economic development throughout the world while at the same time improving income stability for U.S. farmers. The council firmly supports our national commitments to encouragement of economic growth in the developing countries. The main reasons are that the self-interest of the United States is served by political stability and rising income of those countries. Public Law 480 is a unique instrument of foreign economic policy, in that it is a form of foreign aid which leads to market development for commercial sales. We recognize that over one-third of the total U.S. contributions toward world economic growth in 1963 were made possible through the Public Law 480 program. Our agricultural skill and

productivity can assist our farm and general domestic economic position as they stimulate long-term commercial foreign trade.

Members of the National Council are among the foremost export shippers of many farm products. They have been aggressive merchandisers of important dollar-earning products, such as rice, feed grains, soybeans, canned, dried and fresh fruit, poultry, meat, and many others. Many of these cooperatives are participants in the joint industry-Government market development programs which are now in operation under Public Law 480. This type of partnership is a highly desirable and beneficial example of Government-industry cooperation. It has been compared to the marketing orders and agreements programs, in that it represents Government assistance to encourage self-help action. This kind of cooperation should be continued also because of its flexibility to meet different situations, because it encourages farmers to contribute to capital and assume more responsibility for marketing their products. As these projects pay off in rising commercial sales, the U.S. balance of payments is made more favorable and U.S. farm income is strengthened.

We urge that the Department of Agriculture make every effort under section 104(a) to continue to administer the "5 percent market development" funds through commercial or trade organizations on a cooperative or matching fund basis whenever possible. Expenditure of these funds for well-defined specific objectives is much more likely to be effective if exporting firms or groups have invested their own funds in these promotional activities.

In summary, we believe the activities under Public Law 480 should be continued without major revision in concept or method of operation. We approve continuation of about the present level of expenditures. More benefit will result if longer range plans can be projected. Therefore, we urge this committee to approve extension of Public Law 480 for a period of 5 years.

We appreciate this opportunity to express our views.

Mr. POAGE. Thank you, Mr. Naden. We appreciate your presentation. It will be helpful to the committee.

There are no questions. We are very much obliged to you.

STATEMENT OF WALTER A. HASTY, JR., ASSISTANT DIRECTOR OF LEGISLATIVE SERVICE, NATIONAL FARMERS UNION

Mr. POAGE. Our next witness is Mr. Walter Hasty of the National Farmers Union.

We will be glad to hear from you, Mr. Hasty.

Mr. HASTY. Thank you, Chairman Poage. I am Walter A. Hasty, Jr., and I am assistant director of legislative services, division of the National Farmers Union.

I sincerely appreciate this opportunity to appear before you today on behalf of the more than 750,000 family-farm members of National Farmers Union.

On behalf of these members who are truly farmers, I urge your support of a 5-year extension of titles I and II of Public Law 480.

You, Mr. Chairman, along with the members of your committee, are due a vote of thanks by farmers and city people alike for the contribution you have made to the utilization of our abundant food and fiber.

The positive concept of using our food abundance as a weapon for peace in a hungry world as contrasted with the concept of a surplus disposal operation has stimulated many significant accomplishments.

We are very pleased that the President and the Secretary of Agriculture have made it clear that they view agricultural abundance as a national blessing and they have and continue to use this abundance under the food-for-peace program in a positive manner.

The program has operated on a substantial basis since 1954 but the short-term extension of the law has severely limited our ability to plan ahead. We have not been able, therefore, to use food and fiber to the extent that we believe possible as a tool for promoting economic growth and development in the many areas of the world where it is badly needed. A 5-year extension is desirable, we believe, because programs can be planned further in advance and commodities moved in a more orderly manner. It will help the underdeveloped countries because they can plan ahead and make much more judicious use of the commodities to feed their population and the foreign currencies generated for economic projects.

We further believe that it is more practicable for the United States and foreign countries to make plans over a longer period of time so that more extensive use can also be made of transportation, storage, and distribution facilities.

We believe most of all, Mr. Chairman, that the merits of the program based on its past accomplishments warrant this 5-year extension.

We, therefore, urge you to give this proposal favorable consideration.

In closing, Mr. Chairman, I want to thank the committee for the leadership that you have given to what has come to be fondly referred to, as the best known food label in the world, food for peace.

Thank you.

Mr. POAGE. Thank you very much, Mr. Hasty. May I summarize basically that you think that we should extend the law, but that the important thing is to give it greater stability with a longer period of extension?

Mr. HASTY. This is correct.

Mr. POAGE. I will say this off the record.

(Discussion off the record.)

Mr. POAGE. On the record.

Are there questions of this witness?

If not, we are very much obliged to you.

Mr. HASTY. Thank you.

Mr. POAGE. Our next witness is Mr. Harry Graham of the National Grange.

Is Mr. Graham with us?

Mr. HEIMBURGER. He does not seem to be here.

Mr. POAGE. We will pass him for the present, and the next witness is Mr. Edward Behre of the Friends Committee.

We will be pleased to hear from you now.

You may proceed.

STATEMENT OF C. EDWARD BEHRE, FRIENDS COMMITTEE ON NATIONAL LEGISLATION

Mr. BEHRE. Mr. Chairman and members of the committee, in order to save time, my name is C. Edward Behre, 2 Gahent Road, Alexandria, Va. May I submit my statement for inclusion in the record and to read only such portions of it that will bring out the proposals that we would like to offer?

Mr. POAGE. Without objection, all of the witnesses will have permission to insert in the record their complete statement and to present it as they desire.

Mr. BEHRE. First, I would like to commend the excellent presentation of the values and the benefits of this legislation which Secretary Freeman gave yesterday. We would like to make five proposals for making this legislation more clearly and effectively an instrument of foreign policy for the promotion of human welfare and world peace.

Our first proposal is to restate the purpose:

Originally this law was directed almost exclusively toward the relief of American agriculture by disposal of agricultural surplus. In recent years the concept of food for peace has been increasingly emphasized. However, the purpose of using our agricultural abundance as an instrument of foreign policy for the promotion of human welfare and world peace can be stated more clearly and without equivocation.

In similar vein, we suggest that the justification for the humanitarian donation provisions of title III should be on a more statesmanlike basis than the present wording. The present wording of section 302 makes it appear that the United States is only interested in barter and donation of agricultural commodities as a means of preventing waste. And we have suggested some wording that might improve that situation.

Our second proposal is to take food out of the cold war.

A world at peace should be the primary objective of civilized man. Almost as important for this objective as the necessity of avoiding nuclear war and achieving disarmament under world law is the urgency of ending the cold war.

What has been done through Public Law 480 in sharing American food with 100 million people in over 100 countries is unparalleled in human history. But it is not an achievement on which the United States can rest with selfish pride and satisfaction. It ought to humble every one of us that God has blessed us with a country rich in land, in power, in technology, in favorable climate, in a large measure of freedom, and in a people characterized by industry and initiative.

While the United States should seek to cherish, nourish, and expand democratic ideas and institutions, is it not high time to cease using food as a weapon in the cold war? When Christians pray, "Give us our daily bread," is it not clear that "us" must refer to all the children of God? As a nation do we choose to flout the New Testament injunction, "If thine enemy hunger, feed him"?

Yet under Public Law 480, use of our agricultural abundance abroad is focused, with only one exception, on "friendly nations." And in two places in the law transactions with the U.S.S.R. and areas dominated by a Communist regime are specifically prohibited.

The Communist part of the world, because of a variety of reasons, tends to be a food deficient area. Part of their trouble is climate, such as recurrent drouth in Siberia and typhoons in China. Part is due to the slowdown in agricultural production as a result of the communization of farms. Part is due to rapidly increasing population. Whatever the cause of food shortages, the people in these countries, including Russia, China, and Cuba, are our fellow men. Many of them are unwilling captives of a totalitarian system. Such regimes should never have an excuse for expansionist policies in order to have access to food. In the elemental need for food, humanity is one family.

The United States has recently recognized, at least indirectly, a moral responsibility in this direction by authorizing the sale of wheat to Russia to ease the current food shortage in that country. Now, by appropriate amendment so that our agricultural abundance may be used to promote the objectives of Public Law 480 anywhere, our country has the opportunity to make clear to the world that we did not take this step away from the cold war solely for monetary reasons, but that we are sincerely interested in people under whatever regime they may live.

The Friends Committee urges that Public Law 480 be carefully edited to eliminate all reference to dealing exclusively with "friendly nations." By the same token, we urge, that section 107 and section 304 (a) and (b), which prohibit dealing with the U.S.S.R. and other Communist dominated areas, be deleted.

Our third proposal is to use foreign currencies to promote FAO and other U.N. programs.

Under section 104 the President may enter agreements with organizations of nations to use foreign currencies accruing under title I of the act for a variety of purposes, many of which parallel purposes and programs of the United Nations, its specialized agencies and affiliated organizations. However, as far as we know, no U.S. contributions for the programs of the Food and Agriculture Organization or other U.N. agencies come out of the currencies generated by title I transactions.

Because the long-range world food outlook is so critical and because the burden of meeting human needs will fall ever more heavily on the United States, it will be increasingly in the national interest, as well as crucial for the general welfare of mankind to improve agricultural production in underdeveloped countries and to encourage better nutrition of people in food-shortage countries. These are objectives toward which the Food and Agricultural Organization is working.

For fiscal 1963 the FAO received from U.S. general appropriations (not from Public Law 480) only \$4,669,000, plus an additional \$1,075,800 for the U.N. expanded technical assistance program. Would it not be in the spirit of the freedom-from-hunger program to increase our contribution to FAO and related U.N. programs by authorizing the President to allocate to them, for use in countries where unused balances exist, some of the foreign currencies generated under title I?

Our fourth proposal is to make titles I and II permanent.

We suggest that it would be in the national interest to assure the world of the sustained intention of the United States to work for

world peace and to play its rightful part in the world struggle against hunger, by making titles I and II of Public Law 480 permanent. This would mean removing time limitations on the applicability of these titles, by deletion of sections 103(b) and 204. It would also require change of language in the first sentence of section 203.

Elimination of section 103(b) would involve removal of the dollar limitation also. We think this is desirable because, according to the report of the Director of Food for Peace, sales under title I in 1962 had already reached the rate implicit in the current dollar limitation. With huge stocks still in storage, we doubt that opportunities for further expansion of the program have been exhausted.

If your committee cannot see its way clear to put titles I and II on a permanent basis, we urge that, as a minimum, they be extended for 5 years with appropriate lifting of the ceiling for sales under title I and reconsideration of the annual dollar limitation in title II, section 203.

We hope that dollar limitations in various subsections of section 104 are also being re-examined to be sure that none of these worthwhile channels for using foreign currencies accrued under title I is crippled by arbitrary limitations established in earlier years.

Our fifth proposal is to authorize payment of internal freight abroad.

At present there is authority in section 203 for payment of ocean freight on commodities transferred under title II or section 416 of the Agricultural Act of 1949. Only in the case of reaching points of entry in landlocked countries is payment of overland transportation abroad authorized.

In principle it is desirable that people, when in a position to do so, make some contribution in effort, money, or work for benefits received, but title II is directed toward two great purposes. One is to respond to great natural disasters such as floods, prolonged drought, typhoons, earthquakes, or other circumstances beyond control. The other is to further economic development in disadvantaged areas of the world. We can conceive of situations of extreme urgency where it might be desirable for the President to have discretionary authority, similar to that which he now has with respect to ocean freight, to cover the cost of transportation to inland points of distribution. This is now done with military aid. Is food for people in distress less important than guns and bombs?

To implement this we suggest inserting in the next to last sentence of section 203, after the words "to designated points of entry abroad," the words "or, in cases of extreme urgency, from U.S. ports to inland points of distribution abroad."

In closing may we say that, as Americans, we are proud of the tremendous and unprecedented contribution which our country has made to human welfare and economic development under Public Law 480. This, we believe, ranks among the world's most notable pieces of humanitarian legislation. We commend the Agriculture Committee and the Congress for its careful study and sponsorship of this legislation over the years.

We believe the recommendations we have made for improving this act merit your sympathetic consideration. We want to feel that the fruits of our country's God-given resources and its productive achievements are put to use wherever needed for human welfare.

I thank you very much for the privilege of appearing here.

Mr. POAGE. Thank you.

(The prepared statement of Mr. Behre follows:)

STATEMENT OF C. EDWARD BEHRE ON BEHALF OF THE FRIENDS COMMITTEE ON NATIONAL LEGISLATION

My name is C. Edward Behre, 2 Gahent Road, Alexandria, Va. I am appearing as a member of the Policy Committee of the Friends Committee on National Legislation to support the revision and extension of Public Law 480, "The Agricultural Trade Development and Assistance Act of 1954." This testimony has been prepared in cooperation with E. Raymond Wilson, executive secretary emeritus of the FCNL, who had expected to testify had the hearings been held last week as originally scheduled.

The Committee on Agriculture is well aware that the Friends Committee on National Legislation does not claim to speak for all Quakers in the United States. Nevertheless, the Friends Committee is widely representative of Friends in this country, and, on the question of maximum use of our agricultural abundance for humanitarian purposes throughout the world, Friends are as nearly united as they are on anything. The FCNL supported the general purposes of this legislation even before Public Law 480 was enacted 10 years ago. On various occasions it has worked strenuously for various amendments which have broadened the application of this act.

We now wish to make five proposals for making this law more clearly and effectively an instrument of foreign policy for the promotion of human welfare and world peace.

I. RESTATE THE PURPOSE

Originally this law was directed almost exclusively toward the relief of American agriculture by disposal of agricultural surplus. In recent years the concept of food for peace has been increasingly emphasized. However, the purpose of using our agricultural abundance as an instrument of foreign policy for the promotion of human welfare and world peace can be stated more clearly and without equivocation.

May we suggest that the title and section 2 be amended to read somewhat as follows:

(Proposed Preamble for Public Law 480)

"AN ACT To use American food and fiber to improve foreign relations of the United States, to relieve human hunger and to promote economic and social development throughout the world, to expand international trade, and for other purposes

*"Be it enacted * * * etc.*

"SEC. 2. It is hereby declared to be the policy of Congress to expand international trade among the United States and other nations; to facilitate the convertibility of currency; to promote the national welfare and the economic stability of American agriculture by making maximum use of American agriculture abundance for the relief of human hunger and the promotion of adequate nutrition, for economic and social development, and for expansion of economic agricultural production in other countries, including its use in furthering the efforts and programs toward these ends of the United Nations, its specialized agencies and affiliated organizations; to purchase strategic materials; to pay United States obligations abroad; and to foster in other ways the foreign policy of the United States.

In similar vein, we suggest that the justification for the humanitarian donation provisions of title III should be on a more statesmanlike basis than the present wording. The present wording of section 302 makes it appear that the United States is only interested in barter and donation of agricultural commodities as a means of preventing waste.

For your consideration we suggest the following:

"SEC. 302. Section 416 of the Agricultural Act of 1949 is amended as follows:

"SEC. 416. Recognizing that current world trends in population and food production present the United States with a unique opportunity and responsibility to use its agricultural abundance and productive capacity for the relief of human distress and to further economic development around the world, the Commodity Credit Corporation is authorized, on such terms and under such regulations as the President may deem in the public interest: (1) upon application, to make agricultural commodities that cannot be disposed of in normal domestic channels

or sold abroad at competitive world prices, whether in private stocks or acquired through price-support operations, available to any Federal agency for use in making payment for commodities not produced in the United States; (2) to barter or exchange such commodities * * * etc." (The remainder of the section would remain unchanged.)

To further strengthen the humanitarian purposes of the act we also suggest deletion of the word "emergency" from the first sentence of section 201. This section is sufficiently qualified without adding the difficulty of construing the meaning or duration of an emergency.

II. TAKE FOOD OUT OF THE COLD WAR

A world at peace should be the primary objective of civilized man. Almost as important for this objective as the necessity of avoiding nuclear war and achieving disarmament under world law is the urgency of ending the cold war.

What has been done through Public Law 480 in sharing American food with 100 million people in over 100 countries is unparalleled in human history. But it is not an achievement on which the United States can rest with selfish pride and satisfaction. It ought to humble every one of us that God has blessed us with a country rich in land, in power, in technology, in favorable climate, in a large measure of freedom, and in a people characterized by industry and initiative.

While the United States should seek to cherish, nourish, and expand democratic ideas and institutions, is it not high time to cease using food as a weapon in the cold war? When Christians pray, "Give us our daily bread," is it not clear that "us" must refer to all the children of God? As a nation do we choose to flout the New Testament injunction, "If thine enemy hunger, feed him"?

Yet under Public Law 480, use of our agricultural abundance abroad is focused, with only one exception, on "friendly nations." And in two places in the law transactions with the U.S.S.R. and areas dominated by a Communist regime are specifically prohibited.

The Communist part of the world, because of a variety of reasons, tends to be a food deficient area. Part of their trouble is climate, such as recurrent drought in Siberia and typhoons in China. Part is due to the slowdown in agricultural production as a result of the communization of farms. Part is due to rapidly increasing population. Whatever the cause of food shortages, the peoples in these countries, including Russia, China, and Cuba, are our fellow men. Many of them are unwilling captives of a totalitarian system. Such regimes should never have an excuse for expansionist policies in order to have access to food. In the elemental need for food, humanity is one family.

The United States has recently recognized, at least indirectly, a moral responsibility in this direction by authorizing the sale of wheat to Russia to ease the current food shortage in that country. Now (by appropriate amendment so that our agricultural abundance may be used to promote the objectives of Public Law 480 anywhere, our country has the opportunity to make clear to the world that we did not take this step away from the cold war solely for monetary reasons, but that we are sincerely interested in people under whatever regime they may live.

The Friends Committee urges that Public Law 480 be carefully edited to eliminate all reference to dealing exclusively with "friendly nations." By the same token, we urge, that section 107 and section 304 (a) and (b), which prohibit dealing with the U.S.S.R. and other Communist-dominated areas, be deleted.

By so doing the Congress would end an arbitrary obstacle to the use of agricultural products for the healing of the nations. Our hearts, our consciences and our tradition tell us that such use, when feasible and appropriate, will be in the best interest of humanity.

III. USE FOREIGN CURRENCIES TO PROMOTE FAO AND OTHER U.N. PROGRAMS

Under section 104 the President may enter agreements with "organizations of nations" to use foreign currencies accruing under title I of the act for a variety of purposes, many of which parallel purposes and programs of the United Nations, its specialized agencies and affiliated organizations. However, as far as we know, no U.S. contributions for the programs of the Food and Agriculture Organization or other U.N. agencies come out of the currencies generated by title I transactions.

Because the long-range world food outlook is so critical and because the burden of meeting human needs will fall ever more heavily on the United States,

it will be increasingly in the national interest, as well as crucial for the general welfare of mankind to improve agricultural production in underdeveloped countries and to encourage better nutrition of people in food-shortage countries. These are objectives toward which the Food and Agriculture Organization is working.

For fiscal 1963 the FAO received from U.S. general appropriations (not from Public Law 480) only \$4,669,000, plus an additional \$1,085,800 for the U.N. expanded technical assistance program. Would it not be in the spirit of the freedom from hunger program to increase our contribution to FAO and related U.N. programs by authorizing the President to allocate to them, for use in countries where unused balances exist, some of the foreign currencies generated under title I?

IV. MAKE TITLES I AND II PERMANENT

We suggest that it would be in the national interest to assure the world of the sustained intention of the United States to work for world peace and to play its rightful part in the world struggle against hunger, by making titles I and II of Public Law 480 permanent. This would mean removing time limitations on the applicability of these titles, by deletion of section 103(b) and section 204. It would also require change of language in the first sentence of section 203.

Elimination of section 103(b) would involve removal of the dollar limitation also. We think this is desirable because, according to the report of the Director of food for peace, sales under title I in 1962 had already reached the rate implicit in the current dollar limitation. With huge stocks still in storage, we doubt that opportunities for further constructive expansion of the program have been exhausted.

If your committee cannot see its way clear to put titles I and II on a permanent basis, we urge that, as a minimum, they be extended for 5 years with appropriate lifting of the ceiling for sales under title I and reconsideration of the annual dollar limitation in title II, section 203.

We hope that dollar limitations in various subsections of section 104 are also being reexamined to be sure that none of these worthwhile channels for using foreign currencies accrued under title I is crippled by arbitrary limitations established in earlier years.

V. AUTHORIZE PAYMENT OF INTERNAL FREIGHT ABROAD

At present there is authority in section 203 for payment of ocean freight on commodities transferred under title II or section 416 of the Agricultural Act of 1949. Only in the case of reaching points of entry in landlocked countries is payment of overland transportation abroad authorized.

In principle it is desirable that people, when in a position to do so, make some contribution in effort, money, or work for benefits received, but title II is directed toward two great purposes. One is to respond to great natural disasters such as floods, prolonged drought, typhoons, earthquakes, or other circumstances beyond control. The other is to further economic development in disadvantaged areas of the world. We can conceive of situations of extreme urgency where it might be desirable for the President to have discretionary authority, similar to that which he now has with respect to ocean freight, to cover the cost of transportation to inland points of distribution. This is now done with military aid. Is food for people in distress less important than guns and bombs?

To implement this we suggest inserting in the next to last sentence of section 203, after the words "to designated points of entry abroad," the words "or, in cases of extreme urgency, from U.S. ports to inland points of distribution abroad,".

In closing may we say that, as Americans, we are proud of the tremendous and unprecedented contribution which our country has made to human welfare and economic development under Public Law 480. This, we believe, ranks among the world's most notable pieces of humanitarian legislation. We commend the Agriculture Committee and the Congress for its careful study and sponsorship of this legislation over the years.

We believe the recommendations we have made for improving this act merit your sympathetic consideration. We want to feel sure that the fruits of our country's God-given resources and its productive achievements are put to use wherever needed for human welfare.

Mr. POAGE. May I clarify one of your last statements? Do I understand correctly that point 5 only relates to contributions to be made in the case of emergency or catastrophe?

Mr. BEHRE. Yes.

Mr. POAGE. You do not intend to apply that to normal shipments under title I?

Mr. BEHRE. No; it would be title II or section 416, I believe.

Mr. POAGE. It would only apply when we were sending food or supplies as a result of some national catastrophe, is that right?

Mr. BEHRE. Speaking primarily there might be such an actual situation that would call for going further than we do now to really make our food effective and we are simply suggesting that we have this permission. At the present we have the discretionary authority so that when we have a case, as I understand it, with the ocean freight now, when we need so urgent, that it cannot be done any other way, that the country itself is not in a position to carry the food to the point of distribution, that we carry it there and make it useful.

Mr. POAGE. Is there any country to which we do not pay the ocean freight?

Mr. BEHRE. Sir?

Mr. POAGE. Is there any country to which we do not pay the ocean freight?

I gathered from the testimony yesterday that we did pay the freight to every country—that is what I gathered from the testimony. I want to get straight on this. Is it correct to put it this way—that we pay the difference between the foreign vessel cost and the American vessel costs, plus the unloading costs at the port.

Mr. BEHRE. Well, I am not, of course, an expert on all of these ramifications of this very complex subject, but as I understood the discussion yesterday the question we were talking to was in respect to the difference under title I.

Mr. POAGE. Yes, it was.

Mr. BEHRE. And I think that the difference under title II and title III of voluntary agencies, that all of the ocean freight is covered, not just the differential.

Mr. POAGE. I think that there is a substantial difference. There should be a substantial difference between the treatment of title I and title II shipments. I find no fault with that suggestion, but I was trying to make clear whether you are proposing to confine this to that.

Mr. BEHRE. Titles II and III and not title I. And I believe that you are right that the ocean freight is paid on all of the donations under title II, and title III now. If I am not mistaken, I believe that the wording of the law is such that the President has to make a determination which, probably, has been made.

Mr. POAGE. I think that is correct. The point I am making there is that once you have this authority, and once the President does make this determination, it comes into effect automatically.

Mr. BEHRE. I think that is correct. That is my understanding.

Mr. POAGE. I understand that you are for liberalization of the whole program—you want to remove the limitation. I recognize, too, that you come representing a viewpoint in which you probably feel that we should handle the mechanics, but we have to be concerned with the mechanics of it. The whole philosophy of appropriations in the

Congress, is that this committee can make the authorization and the Appropriations Committee determines the exact amount that is to be expended. I take it that you would wipe that out and that you would for the purpose of handling these commodities eliminate our Appropriations Committee procedure entirely. I am not suggesting that to find fault with your suggestion, but I am trying to get it clear.

Mr. BEHRE. No; I think that you have carried the point I made too far. In the use of the foreign currencies under section 104 in many instances it says in accordance with the Appropriations Act, and we did not suggest removing those. We suggested that whatever limits are best therein dollars be reconsidered, so that if we set a dollar limitation of \$1 million on a particular item, and we did that 3 years ago, that we reconsider whether that is appropriate today.

Mr. POAGE. You simply want to enlarge the authorization?

Mr. BEHRE. Yes. I did say that under title I that we would suggest removing the dollar limitation, because it is our feeling that the opportunity to develop the sale of these commodities for foreign currencies is something which had its own natural limits and that we would go as far as it was feasible and as far as the administrative agencies felt was in disposing of those commodities and not limiting them to whatever it may be, \$2 billion a year, which it may be at the moment.

Mr. POAGE. You would, however, leave the authority to limit it to the Appropriations Committee?

Mr. BEHRE. Under the use of the foreign currencies we think they should be; yes.

Mr. POAGE. Mr. McIntire?

Mr. McINTIRE. One of the problems in connection with the use of these currencies is the fact that the countries from which these accumulations come are countries where the exchange opportunities are almost zero. And your admonition here is that each foreign currency be made available to the United Nations programs. Is it your thought that in the agreements which are made to set down the framework of the operation under title I in a particular country, the funds that are accumulated within that country would be made available for United Nations administration of the programs within that specific country? Or do you have in mind on page 3 of your statement that there would be a pooling of these soft currencies for use by the United Nations?

Mr. BEHRE. That would be what?

Mr. McINTIRE. Would there be a pooling of these currencies for the use of the United Nations?

Mr. BEHRE. Well, in thinking of this point we had a feeling that if it was possible for them to be pooled that it would be desirable, but we limited our statement, as you notice in the next to the last line for use in countries where the unused balances exist. You might pool those to advantage, but I can appreciate that there are real difficulties in having the currencies of one country used in another country which might not be so easy to negotiate.

Mr. McINTIRE. Also, negotiations under title I are country by country. And these agreements are set down in a framework for the use of these currencies within that country—they are so negotiated. Then, in the last line, is it appropriate to conclude then that what you are recommending here is that instead of these funds being handled by a bilateral agreement between the United States and the re-

ipient country, that these currencies be made available to the United Nations agency within that country?

Mr. BEHRE. That is correct. Our feeling is that in many instances, working through the United Nations maybe it is better received than by a bilateral use of the currencies, and we would like to have the administrative agencies alert to opportunities to work through the United Nations agencies whenever it is feasible and practical under the limitations of these agreements to do it.

Mr. McINTIRE. When those funds are made available to the United Nations agencies, they are in fact out of the control of this country in servicing the use of those funds and in any way managing the use of those funds.

Mr. BEHRE. This I think would need to be taken care of in the agreements with the United Nations organization. You would need to have an agreement with them and not just a blanket use of them, and the agreement would spell out how you intended to control that.

Mr. McINTIRE. Thank you.

Mr. POAGE. Thank you very much.

Mr. JONES of Missouri. I want to comment here. I appreciate your religious concern, but when you mention the fact that we would exclude from the law the limitation and things like that, you would certainly want to put some limitation on, or restriction on, those to whom we would give this. I cite this as an example. If our enemy is hungry because he is devoting all of his energies and resources to aggression and diverting his resources to the building up of implements of war and does not have either the time nor the desire to feed himself, you would not take that into consideration?

Mr. BEHRE. Our emphasis is that it is the people about whom we are primarily concerned, and not to allow people who may be the victims of the regime to suffer when we may be in a position to help them. I think that the question of discretion and the nature of the agreements with different countries would be one in which there would be a good deal of variation as the agreements were negotiated, and our administrative agencies have latitude in this respect. They are not compelled to negotiate an agreement with any country—they are not compelled to put any provision in there. An agreement with any country could be properly safeguarded. The main thing is, as we see it, not to have a law which creates division, creates enmities and acts in a way to prolong present dissension and difficulties in the world; rather to have the whole atmosphere of the food-for-peace program.

Mr. JONES of Missouri. The only exception I would take with you is that I think that we would be creating that situation by providing food to warring nations, nations of aggression, and we would enable them to expand that type of operation. And for that reason I cannot embrace your philosophy at all. In fact, I have been critical of the fact that we have not put some requirement on people, at least, to indicate the desire to help their people, to be a peaceful nation.

Mr. BEHRE. Well, I think that you will help them to be a peaceful nation by giving them means of their subsistence. There was a difference of opinion developed when the sale of wheat to Russia was approved, but it was our feeling, and it is our feeling, that the sentiment in favor of authorizing the sale of wheat to Russia is something

of a precedent to make the same opportunity available under Public Law 480.

Mr. JONES of Missouri. I might add that my reason for making the sale to Russia is because I would like to see them divert as much of their resources as possible to the procurement of food and to divert those resources from being expended for weapons of war and acts of aggression.

Mr. BEHRE. We would hope to be able to encourage that tendency also.

Mr. POAGE. Thank you.

Mr. MATTHEWS. Mr. Chairman, I just want to make an observation along the same lines that Mr. Jones did. I too can appreciate the humanitarian purposes of your suggestion that we take this out of the context of the cold war, but as you frankly stated we have differences of opinion, and this is an opinion that you and I do not share.

At the bottom of page 2, when you mention that the Communist part of the world, because of a lot of reasons, tends to be a food deficient area, I do not think that you mentioned the most important reason that Russia, for example, had to get food, and that is because they are still as a matter of fact manufacturing bombs to blow us into eternity. You must keep in mind that Mr. Khrushchev has never for one moment said that he has any other purpose in this world except to bury us.

And we must assume that Red China has the same purpose in mind. And although I subscribe to the New Testament like you do, the fact is that they do not even believe in God, and I for one would be very much opposed to putting any more emphasis on this idea of giving food to nations that are not friendly.

As Mr. Jones suggested, insofar as the wheat sales to Russia were concerned, I do not think that had a thing in the world to do with moral responsibility. That was a pragmatic decision, in my opinion. Other nations are selling wheat to Russia. We have millions of bushels of wheat. We have no use for it. If Russia has to buy the wheat from us and pay for it, they cannot use at least that amount of their resources to buy armaments.

I have great respect for the great organization that you represent, but I think that we must approach this problem on the basis of friendly nations. We are interested in human beings all over the world, yes, but I certainly would not hope we would be interested in such a way that we would undertake to provide them with food so that they could use more of their resources to build nuclear armaments. I would feel much better if we could really have some limitation in the production of nuclear armaments and that we would look into this matter on a different basis, such as you have suggested.

Let me say again that I know that you are sincere. I know that you have a very definite philosophy, but as I say, I think that I would be doing you a disservice if I did not say to you that I would oppose this with all my heart. I do not intend to be a part to what I think would be an effort to build up the nations that are not friendly, so that they can actually blow us off the face of the earth.

I think that the biggest safeguard we have now is in our armaments. You talk properly about the philosophy of Christ. In order to carry out some of the injunctions of the great Leader to which I subscribe, I think that we have to use great discretion.

Thank you very much. I just wanted to make that observation.

Mr. POAGE. Thank you very much, Mr. Matthews. I think that you can see that you have created considerable interest in your discussion.

If there are no further questions we are very much obliged to you.

Mr. BEHRE. Thank you.

STATEMENT OF IRVING R. M. PANZER, AMERICAN VETERANS COMMITTEE

Mr. POAGE. We will pass next to Mr. Irving R. M. Panzer, representing the American Veterans Committee.

We will be glad to hear from you now.

Mr. PANZER. Mr. Chairman and members of the committee, my full statement has been handed to the committee, and in line with the chairman's urging I am going to shorten it by omitting and paraphrasing it.

My name is Irving R. M. Panzer, and I am appearing here on behalf of the American Veterans Committee, an organization of veterans of the Second World War and the Korean war.

The American Veterans Committee favors legislative action that will assure for at least 5 more years the continuation of the food-for-peace program under Public Law 480. If there is one area in which the members of my organization, which is a veterans organization, are in wholehearted agreement it is on the need for eliminating for all time to come war veterans and organizations of war veterans. We believe this goal can be achieved only by constructing a peace that will survive through this generation and all of the generations that follow us.

Peace is not simply the absence of war, and there is no simple prescription for peace. We think that peace is many things: it is a summit conference; it is a glass of milk in the hands of a hungry child; or a bowl of soup for an aged man; a loaf of bread for a young fellow building a road or a schoolhouse where there had been no road or schoolhouse.

Our platform has strongly supported freedom from hunger as fundamental to peace. Now because food is basic to life itself, food is basic to peace. The popular description of the activities carried out under Public Law 480 as the food-for-peace program we think is an accurate as well as attractive label. Few of our contributions to world peace have been more dramatic or more constructive.

Now, because Americans are free and because we are articulate, because we accept criticism just as readily as rejecting it, and because even the most dedicated citizens among us tend to keep a very wary eye on government, the food-for-peace program has been punched as well as praised. Both processes are essential in the operation of an open society.

Certainly, it is the function of this committee and the Congress to spotlight failures in either the purpose or the administration of it and to correct them. But it is an older statement that the cure for a simple headache is not to amputate the head. And the remedy for flaws in a basically sound program is not to liquidate the program.

We think that the food-for-peace program is sound because it involves both the personal and psychological aspects of peace among men.

We have a somewhat unique experience. The American Veterans Committee is one of the American organizations associated in the World Veterans Federation which is an international association of more than 160 veteran organizations in nearly 51 countries with a membership of 20 million. Through our work in the world veterans we have visited many countries and have met with their veteran leaders and veteran members. From this association we know the importance of Public Law 480 and what it has meant to those nations. It is one of the activities of our Government which merits the greatest possible respect and recognition by those soldiers who fought alongside our men in World War II and the Korean war. Psychologically the movement of American food abroad upgrades the private enterprise system and downgrades the communistic way of responding to human needs. In areas where the most insistent dream of adults and children is the dream of a full belly, the scientific achievements of the Communists or the free world have very little impact. They could not care less about satellites or missiles or freeways or the winter olympics or whether a beetle is a singer or a bug. The way of life they can understand is the way of life that is destined to bring in the most food to the most people. No propaganda weapon, therefore, is greater than that which is being produced on the American farms, provided we are willing to use it.

The American Veterans Committee urges the continued maximum use of food-for-peace program through Public Law 480. We do believe that we are qualified and obligated to urge without reservation the extension of the principles involved in this law. The emergency feeding of the hungry, the use of food in self-help programs nationally, and the promotion of cash markets abroad for American agricultural economy.

Mr. Chairman and members, we appreciate this opportunity.

Mr. POAGE. We thank you very much, Mr. Panzer, for your contribution. Your statement will be made a part of the record at this point.

(The statement of Mr. Panzer referred to follows:)

TESTIMONY OF IRVING R. M. PANZER, MEMBER OF THE AMERICAN VETERANS COMMITTEE (AVC)

Mr. Chairman and members of the House Agriculture Committee, my name is Irving R. M. Panzer, I am an attorney in the District of Columbia and a member of the American Veterans Committee. I am appearing on behalf of the American Veterans Committee.

The American Veterans Committee is an organization of veterans of the Second World War and the Korean war.

Its members were citizen soldiers. They are now citizen veterans. And they are individuals, with the dignity and the dreams and the variety of opinions and philosophies attached to individuals.

It is ridiculous for a representative of any organization—groups of veterans, farmers, professional or businessmen—to say that every member of his organization shares an identical view of a specific public issue. Yet, there are basic needs, basic goals, basic principles that bring people together for the formation and operation of any organization.

Perhaps if there is one area in which the members of the American Veterans Committee are in wholehearted agreement it is on the need for eliminating—for all time to come—war veterans and organizations of war veterans. Our

1963-64 platform strongly emphasizes this goal. The goal can be achieved, of course, only by constructing a peace that will survive through this generation, and all the generations which follow our own.

Peace is not simply the absence of war. Like freedom, peace is not a privilege that can be transcribed for release at some convenient time. It has value only when it is a living, vital part of man's relationship to man and nation's relationship to nation in every hour of every day of every year.

Neither is there a single prescription for peace. It is a combination of ideas and ideals, thinking and doing, reasoning and reconciliation, and a constant matching of resources against needs. Success in peace requires more ingenuity, more initiative, more strength and perhaps even greater use of power than success in war.

The American Veterans Committee in the 21 years since its creation has pushed for peace on all the fronts in which men of good will throughout the world have found promise. We have supported in principle and purpose the United Nations. We gave our endorsement to the Test Ban Treaty, and efforts to expand the scope of weapons control leading to total disarmament have our aggressive support.

Peace is many things. It is an agreement reached in summit conferences by men of great prestige and authority. And it is a glass of milk in the hands of a hungry child, a bowl of soup before an aged man who can still live but no longer earn, a loaf of bread for a young fellow building a road or a schoolhouse where there had been no road and no schoolhouse.

The glass of milk, the bowl of soup, the loaf of bread can determine, in the final analysis, whether the summit conference has meaning. The conference is where the leaders are—the milk, the soup, the bread are where the people are and frequently give added meaning to the summit word. And the AVC platform has strongly supported "freedom from hunger" as fundamental to peace.

Because food is basic to life itself, food is basic to peace. The popular description of the activities carried out under Public Law 480 as the food-for-peace program is an accurate as well as attractive label. Few of our contributions to world peace have been more dramatic, more constructive.

The American Veterans Committee favors legislative action that will assure, for at least 5 more years, the continuation of the food-for-peace program under Public Law 480.

Because we are free, because we are articulate, because we accept criticism just as readily as projecting it, and because even the most dedicated citizens among us tend to keep a wary eye on government, the food-for-peace program has been punched as well as praised. Both processes are essential in the operation of an open society. Certainly it is the function of this committee, and the Congress, to spotlight failures in either purpose or administration, and correct them. But the cure for a simple headache is not amputation of the head, and the remedy for flaws in a basically sound program is not the liquidation of the program.

The food-for-peace program is sound because it involves both the personal and the psychological aspects of peace among men.

War veterans who have moved among war victims in foreign lands found that hungry babies cry the same language in every part of the world. In many American homes, the cry sometimes creates irritation because it calls for repetition of a task that seems to crop up all too often. But few American parents know the frustration, the total sense of failure, the complete loss of dignity that comes to parents who cannot answer the cries with food. In many areas of the world are parents who cannot provide the answer without help.

The American Veterans Committee is one of the American-associated organizations in the World Veterans Federation, an international association of more than 160 veterans organizations in nearly 51 countries with a membership of nearly 20 million. Through our work in the World Veterans Federation, we have visited many countries and met with their veterans leaders and their veterans members.

We know from this association the importance of Public Law 480 and what it has meant to these nations. It is one of the activities of our Government which merits the greatest possible respect and recognition by these soldiers who fought alongside our men in arms in World War II and the Korean war.

No one, not even the most ardent do-gooder, can believe that the resources of American farmers and American taxpayers are adequate to provide even one full meal a day to all the men and women and children of the world suffering from malnutrition.

But our resources are great enough to meet disaster-created needs. And they are great enough so that food can be used in part as a substitute for money in the development work essential in making underprivileged nations better fitted to care for themselves and their own. Both investments help in building peace. And both investments are self-serving in that the more they help the underprivileged nations become self-sustaining, the more they help create cash markets for the abundance which comes from our Nation's farms.

Psychologically, the movement of American food abroad upgrades the free enterprise system and downgrades the communistic way of responding to human needs.

In areas where the most consistent dream of adults and children is the dream of a full belly, the scientific achievements of either the Communists or the free world have little impact. They couldn't care less about satellites or missiles or freeways or chrome or the winter Olympics or whether a beetle is a singer or a bug.

The way of life they can understand, even if they are as short of experiencing it as they are of sending up a satellite, is the way of life that is best in bringing the most food to the most people.

No propaganda weapon is greater than that being produced on American farms, providing we are willing to use it.

The American Veterans Committee urges the continued maximum use of the food-for-peace program through Public Law 480.

The American Veterans Committee does believe itself not only qualified, but obligated, to urge without reservation the extension of the principles involved in this law—the emergency feeding of the hungry, the use of food in self-help programs of national development in underdeveloped countries, and the promotion of cash markets abroad for the American agricultural economy.

The American Veterans Committee appreciates the opportunity to appear before this distinguished committee of the U.S. House of Representatives on behalf of extending titles I and II of Public Law 480.

Thank you.

Mr. POAGE. If there are no further questions, we are very much obliged to you.

And we will next hear from the American Partners, Inc. This is represented by Mr. Tom Hall Miller.

STATEMENT OF TOM HALL MILLER, PRESIDENT, AMERICAN PARTNERS, INC.; ACCOMPANIED BY KALWAY H. JOHNSON, VICE PRESIDENT

Mr. MILLER. Mr. Chairman and members of the committee, I am Tom Hall Miller, president of American Partners, Inc. I was a Government employee for 12 years, much of which time was spent in India, Pakistan, Ceylon, and Afghanistan. I retired a year and a half ago to develop and promote this self-help plan which proposes to use Public Law 480 funds.

Seated with me is Mr. Kalway Johnson, vice president and treasurer of American Partners, Inc., who since 1963 has acted as a management consultant to industry on Government relations.

American Partners is incorporated as a District of Columbia non-profit corporation to promote the private enterprise concept at the grassroots level in developing countries by recruiting the interests of U.S. citizens and organizations in giving financial and technical help to establish and expand small business in countries requiring such assistance.

We will appreciate the committee's including the plan which we have submitted for the record.

Mr. POAGE. We will not include it in the record, but it will be placed in the files of the committee and will be available to the members of the committee.

Mr. MILLER. Thank you.

The American Partners plan proposes to enlist the participation of individual citizens, small and large business, and civic organizations throughout the United States in fostering small business starts abroad by extending loans, ranging from several hundred to several thousand dollars, to worthy and talented nationals of developing countries, who are unable to obtain necessary credit through established commercial lending sources.

The proposal is designed to combat Communist advances in these countries by dramatizing the benefits of the American private enterprise system at the grassroots level abroad, reaching directly to the man in the street to help him help himself. It is based on successful experiences of Americans stationed in foreign countries, and is endorsed by a number of Government and industry leaders.

American Partners proposes to implement the plan initially by establishing representatives in two countries to be selected with the cognizance of the U.S. Government. These resident representatives will enlist the voluntary help of Americans residing in these countries—active and retired—in locating worthy and talented individuals who appear to have the ability to successfully start small businesses, but who are unable to furnish the collateral required by commercial banks to obtain sufficient capital or must pay exorbitant interest. Each loan will be carefully scrutinized by a board composed of American and local businessmen of established integrity to judge the feasibility of the proposal.

The applications considered to be practical by this board will be forwarded to the United States and publicized throughout this country through civic and fraternal clubs, business and trade associations, labor unions and church groups to find individuals or organizations willing to provide the funds necessary. American Partners will act for the lenders in actually placing the loans and in receiving payments, as well as to provide a communications and reporting link between the lenders and the recipients in this economic people-to-people program.

To accomplish this, American Partners requires initially sufficient contract financing to cover administrative costs for 2 years of developmental operation. During this period the corporation will generate not only wide interest abroad but financial participation by American industry at home and abroad.

In connection with administrative expenses—though our proposal is not contingent upon such action—this committee may wish to consider new legislation which would permit matching funds, from reservoirs of local currencies in excess of foreseeable Government requirements, without specific appropriation with those moneys expended abroad by U.S. voluntary agencies and services abroad.

Government assistance and support may also be sought in favor forms such as help with problems of convertibility. However, the program envisions maximum utilization of local currencies held abroad. As an initial step in this direction, it would be helpful if this committee were to emphasize the intent of Congress to allow considerable executive discretion in promoting the broadest possible utilization of Public Law 480 funds consistent with national interests.

Thus, when American Partners begin operations in a country where such funds are available and where convertibility is a problem, the

corporation will apply for an interest-free loan of the equivalent of perhaps half a million dollars to be used as loan capital. Each individual loan made with these moneys will be secured by a guarantee deposit of dollars in escrow in the United States. In this manner the need to transfer dollars into a recipient country and later repatriate them will be minimized. Actual moneys will be transferred only if the loan recipient needs dollars to buy American machinery or equipment, or in the event of a business failure resulting in default.

American Partners, therefore, will receive funds both in the form of contributions, to be used for operating expenses or for business loans, and in the form of specific loans. Loan funds from individuals and organizations will be sought actively from the public from the beginning of oversea operations as this will permit far greater emphasis on the person-to-person objective of American Partners.

The program admittedly faces different problems in the relatively high overhead costs per loan dollar processed. The expense-loan ratio is inevitably going to be higher in a program emphasizing small loans administered abroad and where normal credit is not available. Though the problem cannot be eliminated, it can be ameliorated by holding down costs and by achieving large volumes of loans.

American Partners believes that its organizational structure, with foreign resident representatives operating through Americans already established in their communities abroad, is well designed to keep operating expenses at a minimum while achieving maximum effectiveness and impact. Further, we believe that the plan proposed meets most of the criteria specified by President Johnson to the special interdepartmental committee, chaired by Under Secretary of State George W. Ball, instructing the committee to conduct an "intensive review" of the foreign aid program.

1. The plan simplifies administrative procedures and enlists the aid of private business, labor, and private institutions.

2. It not only encourages, but is actually based upon, self-help in recipient nations.

3. By utilizing American businessmen and missionaries abroad on a voluntary basis, the plan effectively minimizes the number of aid personnel abroad.

4. The plan meets many of the recommendations developed during the recent hearings held by Congress.

Finally, the plan will work. It will dramatize at the very grass-roots level the benefits of the American private enterprise system by assisting development of private enterprise in developing countries. It will fill an acknowledged vacuum and will produce measurable economic and political dividends. It will provide a means for Americans everywhere to themselves participate in and thus identify with our foreign aid efforts. And the program accomplishes the intent of Congress by effectively utilizing Public Law 480 funds to achieve U.S. Government objectives abroad.

Thank you.

Mr. POAGE. Thank you very much for an interesting suggestion. If there are no questions, we are very much obliged to you, sir.

Mr. MILLER. Thank you.

Mr. POAGE. Thank you very much.

We will next hear from Mr. Joseph Parker.

Mr. HEIMBURGER. Mr. Parker is not with us.

Mr. POAGE. Has Mr. Graham come in?

Very well, we will next hear from Mr. Harry L. Graham, legislative assistant to the national master of the National Grange. We will be very pleased to hear from you now.

**STATEMENT OF HARRY L. GRAHAM, LEGISLATIVE ASSISTANT TO
THE NATIONAL MASTER, NATIONAL GRANGE**

Mr. GRAHAM. Mr. Chairman and members of the committee, let me abbreviate the first part of my statement. I will be glad to try to pull it in to the time you have suggested, sir. The reason that I was not here when you started was that I was guessing that you would take a little more time with the witnesses, and with my being fourth on the list, I would not be called quite so soon. I am sorry that I was not present.

Mr. POAGE. That is all right.

Mr. GRAHAM. Let me say first of all that we support the relief part of this program. We have always supported it. It has been a substantial amount of money that we have distributed and we are recognizing that, but, in general, it is about the only thing we thought that could be done in the light of the needs of the rest of the world and our ability to meet these needs.

Sometimes the return from this in terms of gratitude are real, substantial, and measurable. Sometimes, in the words of our late President, "a good conscience is our only sure reward." We had no other choice, in many instances, even as today, but to share of our exceedingly great abundance with people who are in need. It is unconscionable and unthinkable for us to sit behind a mountain of surplus foodstuffs and refuse to share these with the needy peoples of the world. This is not only a proper application of our Christian conscience and social ethics, but in many ways, it was the most hardheaded and practical kind of politics.

The propaganda value to Communist countries of our refusal to give away our surplus to people in dire need would be incalculable. The National Grange has consistently supported this program and continues to do so.

However important the relief and surplus food disposal aspects of the program may be, we would point out that the fundamental purpose and value of Public Law 480 has been that it has opened the door for the introduction of American agricultural commodities in the countries to which we never would have gained entrance otherwise, and that it has served to develop and expand substantially our dollar markets abroad. The largest single item in Public Law 480 expenditures so far has been sales for soft currency which account for a cumulative total of \$6.7 billion worth of commodities. This has been helpful both to the United States in reducing the dollar outflow and to the receiving country as well.

The provisions of this bill have been helpful to a number of countries which have moved from being Public Law 480 recipients to becoming purchasers of American agricultural products through regular commercial channels. These countries include Spain, Italy, Japan, United Kingdom, France, Netherlands, Germany, Argentina, and Mexico. The total average imports of these countries in the 1955-58 period was \$1,819.7 million including substantial amounts for

Public Law 480 sales. In 1962 these countries imported from America \$2.070 billion worth of American agricultural commodities of which only \$45.6 million was for soft currency.

I have a table in appendix No. 2 which will indicate the change between the two programs.

In the case of Japan and the market that was developed for milk, Japan is not importing as much milk from the United States as the demand was increased under this program but she is reducing the pressure on the American market that has been exerted by milk from Australia and New Zealand, and which now is supplying the Japanese market. This, of course, is not the kind of a result that we would like, but it certainly is not a complete loss.

Japan remains the largest consumer for American agricultural products. Her purchases from Australia and New Zealand enables these countries to also purchase American industrial products. In passing, it should be noted that Australia in 1962 purchased \$37.7 million worth of American agricultural products, up \$15.1 million from 1961.

The major concern of the delegates to the National Grange remains in the field of the use of these Public Law 480 funds. The delegates body last November urged that:

Congress make it clear that its intent is that this measure be administered for the maximum benefit of American agriculture and that the Secretary of Agriculture is to exercise the maximum determination both with respect to the making of commodities available and use of the proceeds generally. Such proceeds should not be used to develop foreign competition to the disadvantage of the American farmer, and any uses of such proceeds other than for the development of markets for American agricultural commodities should not be charged to agriculture.

And in the 1962-63 year the exports from America, basically, was the same value as the 1961-62, and there were no exports for soft currencies except 322 bales of cotton which were a part of the previous arrangements. These went to Spain.

I think an interesting development, a sidelight of this, has been as we develop other markets, that in Japan we spent a good deal developing a market for milk, then found that Australia and New Zealand supplied the Japanese market. This has not been a complete loss, in our estimation, because those of us who are familiar with the pressure on the American dairy farmers from New Zealand and Australia last summer will realize that this is reducing this pressure very much. It may be of a secondary, but it is of a substantial benefit. Japan is, however, the major purchaser of our commodities, and what we have done for her in developing this market, certainly, is being repaid to us many times over at the present time.

The National Grange's concern is mainly about the use to which Public Law 480 funds are being used in the countries that receive our products. And it urged in its resolutions last year, the following:

The provisions of title IV of Public Law 480 should be administered in such a way as will facilitate and maximize the sale of surplus agricultural commodities for dollars through the long-time supply agreements and to this end existing regulations should be reexamined so as to eliminate unrealistic, impractical, and crippling obstacles which serve to frustrate the intent of the law.

This, in our estimation, is very important, in that if we do not do this kind of thing the original purposes of the act are going to be lost and we simply will get a big bill for agriculture programs piled

on the ones that we already have, and agriculture does not receive the benefits commensurate with the costs that accrue to our account.

We were concerned that the title IV provision should be administered in such a way as will facilitate or maximize the sale of surplus agricultural commodities for dollars through the long-term supply agreements, and to this end existing regulations should be reexamined so as to eliminate unrealistic, impractical, and crippling obstacles which serve to frustrate the intent of this law.

In summary, the position of the Grange is that the relief features of Public Law 480 should be continued, that the soft currency sales should be continued with reservations as to the use of the proceeds so as not to develop competition to American agriculture, the barter and foreign donations provisions be continued and finally to give greater emphasis toward the long-term objectives of the development of markets overseas.

This means that some of the early emphasis on Public Law 480 as a means of simply getting rid of surplus American commodities should now be shifted to the long-term emphasis on dollar market development through the private trade. Even our relief and soft currency exports probably would have greater public relations value if they were not clothed in the garments of surplus disposal.

The Grange at this time does not foresee, in the near future, the time coming when we should dispense with this program. We believe that it has been one of the most valuable aids to agriculture. It has also served as an important instrument to further foreign policy objectives. We also believe that these functions can be continued and the larger function of market development can be fulfilled at the same time to the benefit of the importing countries of the world and to the long-term advantage of American agriculture.

The National Grange therefore urges that Public Law 480 should be extended and that Congress recognizes the need for long-term planning in this field by enacting the legislation for a period of 5 years.

(The statement of Mr. Graham follows:)

STATEMENT OF HARRY L. GRAHAM, LEGISLATIVE ASSISTANT TO THE NATIONAL MASTER, NATIONAL GRANGE

My name is Harry L. Graham. I am legislative assistant to the master of the National Grange.

During this week the church groups of our Nation through interdenominational programs as well as denominational and faith centered programs, are engaged in raising money to be used for the worldwide relief programs of the churches. This is an expression of the continuing concern of the religiously motivated peoples of the Nation for the welfare of the less privileged peoples around the world. This program is older than the Public Law 480 program, but since the beginning of the latter, religious and charitable groups of the Nation have channeled a very substantial amount of money into the distribution of foodstuffs which were made available under Public Law 480.

Thus, through June 30, 1963, \$1.387 million worth of American foodstuffs have been distributed free to needy people under title II. This has moved into famine areas, into perennial food deficient areas, into school lunch programs, war relief, disaster areas, and various other usages. The amount of the contributions indicates the widespread public support for this program.

Sometimes the return from this in terms of gratitude are real, substantial, and measurable. Sometimes, in the words of our late President, "a good conscience is our only sure reward." We had no other choice, in many instances even as today, but to share of our exceedingly great abundance with people who are in

need. It is unconscionable and unthinkable for us to sit behind a mountain of surplus foodstuffs and refuse to share these with the needy peoples of the world. This is not only a proper application of our Christian conscience and social ethics, but in many ways it was the most hardheaded and practical kind of politics.

The propaganda value to Communist countries of our refusal to give away our surplus to people in dire need would be incalculable. The National Grange has consistently supported this program and continues to do so.

However important the relief and surplus food disposal aspects of the program may be, however, we would point out that the fundamental purpose and value of Public Law 480 has been that it has opened the door for the introduction of American agricultural commodities in the countries to which we never would have gained entrance otherwise, and that it has served to develop and expand substantially our dollar markets abroad. The largest single item in Public Law 480 expenditures so far has been sales for soft currency which account for a cumulative total of \$6.7 billion worth of commodities. This has been helpful both to the United States in reducing the dollar outflow and to the receiving country as well.

The provisions of this bill have been helpful to a number of countries which have moved from being Public Law 480 recipients to becoming purchasers of American agricultural products through regular commercial channels. These countries include Spain, Italy, Japan, United Kingdom, France, Netherlands, Germany, Argentina, and Mexico. The total average imports of these countries in the 1955-59 period was \$1,819.7 billion including substantial amounts for Public Law 480 sales. In 1962, these countries imported from America \$2,070 billion worth of American agricultural commodities of which only \$45.6 million was for soft currency.

In the case of Japan and the market that was developed for milk, Japan is not importing as much milk from the United States as the demand was increased under this program but she is reducing the pressure on the American market that has been exerted by milk from Australia and New Zealand, and which now is supplying the Japanese market. This, of course, is not the kind of a result that we would like, but it certainly is not a complete loss.

Japan remains the largest customer for American agricultural products. Her purchases from Australia and New Zealand enable these countries to also purchase American industrial products. In passing, it should be noted that Australia in 1962 purchased \$37.7 million worth of American agricultural products, up \$15.1 million from 1961.

The major concern of the delegates to the National Grange remains in the field of the use of these Public Law 480 funds. The delegates body last November urged that:

"Congress makes it clear that its intent is that this measure be administered for the maximum benefit of American agriculture and that the Secretary of Agriculture is to exercise the maximum determination both with respect to the making of commodities available and use of the proceeds generally. Such proceeds should not be used to develop foreign competition to the disadvantage of the American farmer, and any uses of such proceeds other than for the development of markets for American agricultural commodities should not be charged to agriculture."

Title III provisions should be continued for both foreign donations and barter. In our judgment, the barter provision has resulted in the stockpiling of strategic materials without the expenditure of U.S. gold reserves. We recommend the continuation of this program with an emphasis on market development. In order to encourage the development of foreign markets through private trade, it is the judgment of the National Grange that:

"The provisions of title IV of Public Law 480 should be administered in such a way as will facilitate and maximize the sale of surplus agricultural commodities for dollars through the longtime supply agreements and to this end existing regulations should be reexamined so as to eliminate unrealistic, impractical and crippling obstacles which serve to frustrate the intent of this law."

In summary, the position of the Grange is that the relief features of Public Law 480 should be continued, that the soft currency sales should be continued with reservations as to the use of the proceeds so as not to develop competition to American agriculture, the barter and foreign donations provisions be continued and finally to give greater emphasis toward the long-term objectives of the development of markets overseas.

This means that some of the early emphasis on Public Law 480 as a means of simply getting rid of surplus American commodities should now be shifted to the long-term emphasis on dollar market development through the private trade. Even our relief and soft currency exports probably have greater public relations value if they were not clothed in the garments of surplus disposal.

The Grange at this time does not foresee in the near future the time coming when we should dispense with this program. We believe that it has been one of the most valuable aids to agriculture. It has also served as an important instrument to further foreign policy objectives. We also believe that these functions can be continued and the larger function of market development can be fulfilled at the same time to the benefit of the importing countries of the world and to the long-term advantage of American agriculture.

The National Grange therefore urges that Public Law 480 should be extended and that Congress recognizes the need for long-term planning in this field by enacting the legislation for a period of 5 years.

APPENDIX A

MARKET DEVELOPMENT

"We support the further extension of the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480) but urge that in doing so Congress make it clear that its intent is that this measure be administered for the maximum benefit of American agriculture and the Secretary of Agriculture is to exercise maximum determination both with respect to the making of commodities available and use of the proceeds generated. Such proceeds should not be used to develop foreign competition to the disadvantage of the American farmer, and any uses of such proceeds other than for the development of markets for American agricultural commodities should not be charged to agriculture. The provisions of title IV of Public Law 480 should be administered in such a way as will facilitate and maximize the sale of surplus agricultural commodities for dollars through longtime supply agreements, and to this end existing regulations should be reexamined so as to eliminate unrealistic, impractical, and crippling obstacles which serve to frustrate the intent of this law." (From the report of the Committee on Agriculture, adopted by the National Grange, Nov. 19, 1963.)

APPENDIX B

U.S. agricultural exports

[In millions of dollars]

Country	Average	1962
Japan.....	385.4	481.4
United Kingdom.....	426.8	407.6
West Germany.....	321.9	391.1
Netherlands.....	255.5	365.8
Italy.....	145.3	175.7
Spain.....	118.7	¹ 98.7
Mexico.....	77.9	63.4
France.....	88.2	² 86.3
Total.....	1,819.7	2,070.0
Poland.....	41.0	³ 84.5

¹ Includes \$44,490,000 soft currency.

² Includes \$1,200,000 for tobacco for soft currency.

³ Includes \$51,000,000 for soft currency.

Mr. POAGE. Thank you very much. We appreciate very much your statement.

Mr. GRAHAM. Thank you.

Mr. POAGE. Are there any questions?

If there are no questions we are very much obliged to you, Mr. Graham.

Mr. GRAHAM. Thank you, sir.

Mr. POAGE. That concludes the list of witnesses we have scheduled for this morning. Are any of those who will probably appear tomorrow present at this time? If there is anyone here who is scheduled for tomorrow who would like to make a statement this morning we would be very delighted to have you do so, because we will have more time this morning than we will have tomorrow. Is there anybody here who is listed for tomorrow and wants to be heard today?

If there is not, the subcommittee stands adjourned until tomorrow morning at 10 o'clock.

Thank you very much.

(The following statement and supplemental material were also submitted to the subcommittee:)

STATEMENT OF HON. ROBERT W. KASTENMEIER, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF WISCONSIN

Mr. Chairman and members of the committee, I would like to offer for the committee's consideration an amendment to Public Law 480 which would provide a new and useful method of expanding overseas markets for U.S.-produced food-stuffs, increasing our dollar trade, and aiding in the economic development of recipient countries.

The proposal would add a new section, section 309, to title III of the act, to authorize long-term supply contracts for school lunch and welfare programs abroad. Under this section firm commitments for any period of up to 5 years could be made by the Secretary of Agriculture upon his determination that the commodity in question was reasonably likely to continue in surplus for that period. Great flexibility would be allowed in setting the terms and conditions of payment under the contract, including donations, sales at reduced prices, and export payments. The Secretary would be authorized to make contracts embodying a combination of these terms, permitting him to insist on increasing participation in the cost of the shipments by the recipient country over the course of a given contract.

The proposed section differs from the present present titles III and IV of the act in two material respects, and would fill a significant gap now existing between these two titles. Unlike title III it would allow sales as well as donations for school lunch and welfare programs, thus reducing costs to the United States. And it would permit firm commitments of up to 5 years without requiring, as title IV now does for long-term dollar credit sales, that the commodity be in surplus at the time of delivery.

This authority for firm commitments on the strength of estimated future supply conditions is the most significant innovation of the proposal. Because existing law requires a determination at the time of delivery that the commodity is then in surplus, recipient countries having informal commitments for periods longer than a year or two cannot be entirely sure that these later deliveries will be made.

Elimination of this uncertainty is highly desirable, not solely for the convenience of recipient nations, but, very importantly, for the U.S. producers, processors, and shippers. Without greater assurance that supplies of a commodity will be forthcoming in a predictable volume over a fairly long period, countries with a capital deficit are discouraged from investing in the storage, packaging, and distribution facilities needed to receive both intergovernment shipments and commercial sales through private channels. Where the commodities might be used for such politically sensitive purposes as welfare and school lunch distributions, there is an even greater disinclination to embark on a program which might have to be terminated because of supply conditions in the United States.

There is good reason to expect that adoption of this section would increase substantially the overseas markets for commodities now in surplus, providing both added outlets for Government-held supplies and a long-range market for dollar trade. I would cite our experience with milk exports to Japan as dramatic evidence of its potential effect.

We have been shipping milk to Japan for use in school lunch programs since 1947. During this time, these shipments have been given sufficiently high

priority to assure the Japanese that short-term commitments to deliver would be renewed when they expired. The result of this policy has been a 37-fold expansion of our milk shipments since 1947, with the Japanese Government now paying the United States two-thirds of the world market price for the milk it receives. The present level of Japanese milk purchases represents nine percent of total U.S. annual production of nonfat dry milk, and is equivalent to 37 percent of the output of this commodity by my own State of Wisconsin.

It is now fair to say that Japan has become, by virtue of this program, an assured and growing market for nonfat dry milk. Preferences for milk have been established in childhood and its nutritional value is reflected in the marked gains in height and weight of the average Japanese schoolchild. Quite apart from the additional outlets for milk among that 30 percent of the school-age population in Japan not now covered, it is clear that the demand for milk is strong among those who have grown beyond the school age. These milk-consuming adults constitute a market for private commercial exports from this country, a market which will in all likelihood expand over the years.

Japan represents only about one-twentieth of the untapped world market for nonfat dry milk alone. Although Japan is not typical of all countries with imbalanced or insufficient agricultural resources, the expansion of Japanese milk consumption provides a striking and instructive example of what can be achieved by the food-for-peace program. The proposed amendment would make one condition of the Japanese experience—predictability of supply—more generally available to recipient nations and those administering the program. I commend it to the committee's attention as a valuable supplement to the authority contained in existing law.

Mr. Chairman, I would like to note in closing that this proposal grew out of discussions at the food-for-peace conference, held on February 14 and 15, 1964, in Madison, Wis., and attended by Government, farm, and university leaders in the field of food distribution. I ask permission to include in the record at this point the remarks of Robert G. Lewis, Deputy Administrator of the ASCS, and Herbert J. Waters, Assistant Administrator for Material Resources, AID. I also request that the record contain an article on the Conference by Robert C. Bjorklund, farm editor of the Wisconsin State Journal.¹

Thank you, Mr. Chairman and members of the committee.

PROPOSED SECTION 309 OF TITLE III, PUBLIC LAW 480, 83D CONGRESS, SUBMITTED
BY REPRESENTATIVE ROBERT W. KASTENMEIER, OF WISCONSIN

Long-term food supply commitments

SEC. 309. Whenever the Secretary of Agriculture determines that a commodity is a surplus agricultural commodity as defined in section 106 of title I of this Act, and that there is a reasonable prospect for development of commercial export markets for such commodity through use in the assistance of needy persons and in nonprofit school lunch programs outside the United States, the Secretary may enter into contracts upon such terms and conditions as he deems appropriate with appropriate agencies of foreign governments, nonprofit voluntary agencies registered with the Agency for International Development or other appropriate department or agency of the Federal Government, and intergovernmental organizations to supply, for such period not to exceed five years as he determines the commodity is reasonably likely to continue to be a surplus agricultural commodity, specified quantities of such commodity for such use. The Secretary of Agriculture may supply such commodity through the Commodity Credit Corporation and other means available to him, by donations (subject to the limitations contained in (4) of section 416 of the Agricultural Adjustment Act of 1949), sales at reduced prices, export payments, and combinations thereof: *Provided, however,* That the Commodity Credit Corporation shall not bear any costs with respect to the handling of such commodity beyond United States ports except that it may pay ocean transportation charges on commodities to designated ports of entry abroad, and, in the case of landlocked countries, transportation charges to designated points of entry.

¹ The article on the conference by Robert C. Bjorklund, farm editor of the Wisconsin State Journal was also submitted and made a part of the committee files.

EXCERPTS FROM REMARKS OF ROBERT G. LEWIS, DEPUTY ADMINISTRATOR OF AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE AND VICE PRESIDENT, CCC, AT GOVERNOR'S CONFERENCE ON FOOD FOR PEACE, MADISON, WIS., FEBRUARY 14, 1964

Food for peace furnishes a substantial outlet for our United States and Wisconsin farm products, among them milk products. This outlet—it is a kind of “market” from the standpoint of the farmers and processors whose living is derived from it—is of great importance to the U.S. dairy industry as a whole. But it is of massive and vital importance to the Wisconsin dairy industry, because a large share of the total demand generated by the food-for-peace program is concentrated on the Wisconsin dairy industry.

About 80 percent of the milk sold by Wisconsin farmers in 1962 was used for manufacturing dairy products, principally butter, nonfat dry milk, and cheese. A massive share of the total national production of these products was acquired by CCC under the dairy price support program and made available for use in the food for peace and other concessional programs. CCC purchases (including subsidized exports), as a share of the total national production of the respective products, were—

Sixty-two percent in 1962 and fifty-seven percent in 1963 of all nonfat dry milk;

Twenty-six percent in 1962 and twenty-two percent in 1963 of all butter;

Twenty percent in 1962 and ten percent in 1963 of all American-type cheese.

If Wisconsin-manufactured milk products contributed only proportionately to the total purchases by CCC, approximately 9 percent of all Wisconsin milk sold in 1962 would have gone directly into products utilized by CCC for food for peace and other programs. The actual proportion of Wisconsin milk that was used for these programs was undoubtedly much greater, because Wisconsin dairy manufacturing plants are located farther than average from domestic commercial markets, and CCC purchases are concentrated in the Wisconsin-Minnesota area.

Without these massive purchases by the Commodity Credit Corporation, prices of manufactured dairy products likely would go down sharply.

At present, dairy farmers in New Zealand are receiving only about \$1.77 per hundredweight for milk used to supply the export market, in which Wisconsin milk products would have to compete if it were not for the market provided by food for peace and other Government-financed programs. This contrasts with the average price of \$3.25 per hundredweight actually received by Wisconsin dairy farmers during 1963 for milk used for manufacturing.

These are the indisputable economic facts of life for Wisconsin's dairy industry. The central fact of life that they spell out is that the market provided for Wisconsin's dairy industry by the food-for-peace program—and the closely related domestic distribution programs which use up most of the balance of the stocks purchased by CCC—is of nothing less than life-or-death importance for Wisconsin's dairy industry.

These economic facts of life underscore the importance of Wisconsin dairy leaders taking a realistic, practical, and, if necessary, hard-boiled interest in the food-for-peace program. And it testifies to the perceptive and farseeing leadership of your Governor, John Reynolds, in calling this conference to bring forth into the public consciousness an appreciation of Wisconsin's stake in this program.

Food for peace, during the past year, has been the largest single outlet for utilization of the huge quantities of dairy products purchased by CCC. During the current marketing year we estimated that the following quantities of the respective products are being utilized in food for peace:

Eight hundred and eighteen million pounds of nonfat dry milk, constituting 72 percent of total CCC purchases and subsidized exports of 1,380 million pounds;

Two hundred and twenty-nine million pounds of butter, constituting 79 percent of total CCC purchases of 290 million pounds;

Five million pounds of American-type cheese, constituting 4 percent of total CCC purchases of 125 million pounds.

True and indisputable as it is that Wisconsin's dairy industry could hardly survive without the market provided by food for peace. Wisconsin dairymen need not feel apologetic for that fact. Rather, they should be proud to contribute as importantly as they do to the success of a program which adds greatly to our national standing in the world and to the hopeful future of humankind.

But there is another great purpose served by our food-for-peace program—the practical purpose of improving the prospect for developing self-supporting new markets for tomorrow's generation of dairy farmers. It is to this purpose that I will direct my main attention in my remarks—not because I wish in any way to deprecate the humanitarian purposes of the food-for-peace program, but simply because this is the aspect that directly concerns my official responsibilities in the Commodity Credit Corporation.

Any evaluation of market development efforts—or results—should begin with an appraisal of the potential market.

Only about one-third of the people in the world are regular consumers of milk and dairy products at the present time. These are the people of Western Europe and its colonies—in North America, Australia, New Zealand, and parts of South America. In much of the world, milk and dairy products are not a traditional part of the diet. These people are not predisposed by their cultural background to accept milk and dairy products as important foods and, furthermore, most of them lack the buying power to buy dairy products.

When we look at these economic and cultural facts about the world population in terms of potential market opportunities, we are confronted with three dominant conclusions:

1. The present active market for dairy products is limited by cultural patterns and low consumer buying power to one-third of the world's population;

2. The one-third of the world's population that is now actively in the market for dairy products is already oversupplied—there are surpluses of milk and manufactured dairy products in almost every one of these countries individually, and as a group;

3. The two-thirds of the world's population that does not now consume substantial quantities of dairy products does have an acute need for the highly protective nutritional elements of milk and dairy products, but they lack sufficient buying power at the present time, and in some cases their cultural disinterest or outright resistance to use of dairy foods would need to be overcome also, before they can become important consumers of these products.

In short, there is terrible need among the hungry two-thirds of mankind for the nutritional components of milk but these people can't pay—and probably wouldn't buy milk if they could.

Governor Reynolds has commented publicly a number of times about his favorable impression of the school lunch program for Japanese schoolchildren carried out by the Government of Japan. This has been an outstandingly successful program, and it is one which has served both the humanitarian and the market development purposes. Through this program, we have taught a whole generation of Japanese children in their schools to drink and to like milk—and greatly strengthened their health in the process.

A school lunch program was initiated in Japan by the U.S. army of occupation authorities in 1947. And one of the major nutritional components in the Japanese school lunch program is milk—milk reconstituted from dried milk powder furnished by the Government of the United States, a large proportion of it originating on Wisconsin dairy farms.

The use of milk in the Japanese school lunch program was initiated in 1947 with a donation of about 5 million pounds of nonfat dry milk powder. By the current year, the use of milk has been increased to 37 times as much, and instead of the milk being donated by the U.S. Government, it is being purchased by the Government of Japan at 5 cents per pound, which is about two-thirds of the present world market price. In the current year, the total quantity of U.S. milk being purchased by the Government of Japan is 187 million pounds.

This year, milk will be made available to 70 percent of the children attending school in Japan. Next year, we are hopeful the Japanese Government will purchase an even larger quantity, and that it will press forward to extend its school lunch program to all children in Japanese schools.

I want to emphasize the magnitude of the market for our dried milk which the Japanese school lunch program represents. This year's purchases of 187 million pounds represents 9 percent of the total production of dried milk in the United States expected this marketing year. The Japanese purchases are equal to almost two-fifths—37 percent—of the total annual production of this product in Wisconsin.

The Japanese authorities are convinced that consumption of milk has improved the health of their children. In 1958, Professor Kondo of the major

Japanese university conducted large-scale physical examinations of sixth-grade children who had consumed milk in school for 6 years. He reported that boys averaged $1\frac{1}{4}$ inch taller and $4\frac{1}{2}$ pounds heavier than boys of the same age and grade level before World War II. Girls averaged $1\frac{3}{4}$ inch taller, and $6\frac{1}{4}$ pounds heavier than prewar girls of the same grade level. Professor Kondo reported that, in his opinion, the increase in weight and height is due primarily to the serving of milk in the school lunches.

This program has substantial long-range benefits of special interest to Wisconsin:

1. The Japanese Government is actively promoting the consumption of milk among its own people;

2. Japanese children are learning in school to like milk as a food, and adding their own particularly effective powers of persuasion to those of the Japanese Government to encourage the adult population to accept the use of milk as a suitable food for adults and growing children;

3. The school milk program itself is turning into a business proposition, beginning with milk donated by the U.S. Government, with the Japanese Government gradually increasing its total expenditures and the price per pound that it contributes to the cost of the milk;

4. Japan, in all probability, has by now become established as a permanent market for dairy products, whereas before the initiation of the school lunch program, the use of milk for food was considered appropriate only for babies before the age of weaning, and for invalids.

The experience with the Japanese school milk program suggests a number of promising prospects:

School milk programs equal in scale to that of Japan, in only six other countries, would absorb all the nonfat dry milk purchased in a year by CCC;

There are 20 times as many people in the world as there are in Japan, who like the Japanese before our market development school milk program, do not consume milk today because they can't afford it, or do not consider it a suitable item of diet for growing children and adults, or both;

The generation of demands for milk in other countries similar to that which we have developed in Japan would create a demand for more milk than we and the other milk-producing countries now produce;

Market developing programs such as that carried out in Japan would need to be underwritten by the U.S. Government for many years, but could become partially self-supporting fairly soon and give reasonable prospect eventually of becoming a self-supporting permanent market for dairy products.

Of course, food-for-peace school milk programs fall far short of offering a panacea for all the problems of the American dairy industry. One of the most obvious and biggest problems remaining is the dairy farmer's dependence on butterfat for a preponderant share of his income, in the face of the difficulty of finding satisfactory market outlets or uses for surplus butter.

The Government has been donating 12 pounds per year to needy families and welfare institutions in the United States. This is almost twice as much as the average quantity of butter purchased by cash customers. The "1 pound per month limit" has been lifted, and donations of butter now go as high as 4 pounds per person per month in some welfare institutions. Donations of butter for the food-for-peace program have been greatly increased during the current year. We estimate the total will reach 229 million pounds.

The high cost of butter is the principal disadvantage of using it for food for peace. It costs the Government about 80 cents per pound of milkfat to buy and process CCC-owned butter into butter oil, can it, and ship it to port for shipment overseas. The comparable cost for vegetable oil is only 15 cents per pound. The recipients generally prefer the vegetable oil, pound-for-pound, because it is considered to have better keeping qualities.

The problem of butter disposal is the weakest link from the standpoint of public support for the use of milk in the food-for-peace program. If we want more milk, for more school milk programs—we get more butter, too.

This and other problems confront us in developing out national agricultural policies, including our surplus utilization programs. Wisconsin dairy industry leaders have a special interest and a special responsibility to help us to find answers for them; for very substantially, the Nation as a whole must look to them for the ingenuity and adaptability that are needed to devise dairy programs fitted to the needs—and also to the opportunities—of the times. Wisconsin as a whole—because of the massive role of the dairy industry to its overall economy—has a similar interest.

Governor Reynold's vision in calling this conference, and the response it has engendered from farmers, industry leaders, and the public generally, signify that the people of Wisconsin will accept their particular responsibility in helping to find the answers we need.

FOREIGN AID—CHALLENGE AND OPPORTUNITY

(Remarks by Herbert J. Waters, Assistant Administrator for Material Resources, Agency for International Development, Department of State, before the Wisconsin Governor's Conference on Food For Peace, February 14, 1964)

It is a pleasure for me to appear on this platform with Dick Reuter and Bob Lewis. As Assistant Administrator for Material Reserves of the Agency for International Development, it is my responsibility—and great pleasure—to work closely with both USDA and the White House Food for Peace Office, for we are engaged in a team effort to enable food for peace to have the maximum impact in helping to attain our foreign assistance objectives.

In my discussion, I will describe briefly the reasons for the foreign assistance program—a program that has been vigorously supported by four national administrations—and demonstrate how food for peace contributes an important resource necessary to the achievement of economic, social, and political development in the emerging nations of the free world.

Ancient Seneca correctly observed that, "A hungry people listens not to reason, nor care for justice * * *."

With one-third of humanity hungry or undernourished, almost 1 billion people are becoming increasingly deaf to reason. Despairing of justice, fed by the frustrations of centuries, the people of the underdeveloped countries are erupting—some with volcanic fury—in their quest for a better life for themselves and their children.

Unless we tangibly demonstrate our concern, unless we aid them in their search for economic viability, social justice, and political freedom, we can only expect violence and chaos, an environment for communism, a breeding ground for war.

In this interdependent, troubled world—a world in which peace is a fragile commodity at best—we must present an alternative to the "get-rich-quick" blandishments of the Castros of the Soviet bloc. Our foreign assistance program is that alternative. It enables the peoples of the emerging nations to achieve their aspirations in an orderly manner—in freedom and peace—so that our freedom and prosperity may be more secure.

And so we proceed in our efforts to encourage the growth of modern economic, social, and political institutions in the developing nations—from agricultural improvement to educational opportunity, from the establishment of government infrastructure to the encouragement of private enterprise, from the building of roads to the founding of cooperatives.

Our ultimate objective—our guiding principle—in all these undertakings, is to assist the developing nations to achieve the capability required to sustain continued progress by their own efforts. And, we are having success in this. We are helping them to reach a stage of self-sustaining development which will eliminate the need for further outside assistance.

This is no idealistic dream. The necessity for aid to such countries as Greece, Israel, Mexico, and free China, is diminishing. Before too long economic assistance to these countries can cease—and others—with continued aid from us and the other developed nations of the West—will also eventually reach this goal.

Mr. Lewis has described some of the contributions to development made by the food-for-peace program as they relate to the responsibilities of the Department of Agriculture. Let me add some others—the ones for which AID has primary responsibility in this team effort to use our agricultural abundance for both humanitarian and economic development purposes.

One hundred million undernourished people shared in our agricultural abundance last fiscal year. They included refugees fleeing persecution and disaster victims uprooted by floods and earthquakes. Almost 4 million institutionalized people were nourished by our surplus foods while more than 26 million poverty-stricken families in areas of chronic hunger and malnutrition received direct food assistance during this same period.

Forty million school children—many of whom were too hungry to attend classes previously—received approximately 1.5 million tons of food in classrooms in Asia, Africa, and Latin America.

In Latin America—where AID administers the child-feeding program under the Alliance for Progress—one-quarter of the school age children—almost 10 million youngsters—are literally tasting the milk of human kindness. Brazilian children alone have consumed over a billion glasses of milk.

During the past year, the Latin American nations have spent the equivalent of more than \$13 million for administrative expenses. Our investment in food and transportation exceeded \$28 million.

And, because many of these impoverished people lack even rudimentary utensils—plates, spoons, and cups—some AID money is added to food-for-peace input to help get these programs started in new areas.

Feeding so many millions of children is a particularly noteworthy achievement. A whole new generation is growing up knowing that they have friends who not only care about their future but friends who show their concern in a very real way. These many million school children are eating daily—and regularly, for the first time, milk, butter, and cheese—the dairy products that form the essential building blocks for growth. And, they know it's you who are helping them. They know it's the generosity of the people of the United States that is providing them with a better opportunity for a brighter, healthier future.

At this point, I would like to bring to your attention the initiative and drive demonstrated by your own Lester Johnson in his unceasing efforts to improve and expand the use of dairy products through the food-for-peace program. Congressman Johnson's continuing interest and dedication to the welfare of the people of Wisconsin—coupled with his personal conviction of the merits of the food-for-peace program—have resulted in the introduction of a comparatively easy-to-operate milk reconstituting machine in areas where the voluntary agencies—such as CARE and Catholic Relief Service—are administering AID's larger child feeding programs. It is due to his dynamic, imaginative efforts that this machine is now undergoing pilot program testing in such places as Quito, Ecuador, and Rio and Recife, Brazil. If—as preliminary results indicate—simple, low-cost equipment—such as the reconstituting machine—can be economically introduced into backward areas—the eating habits of millions will change. This change can have profound impact on the farmers of Wisconsin. It can result in greater, more diverse use of Wisconsin's farm abundance. I think we can all be proud of Congressman Johnson's untiring efforts to contribute to the expansion of markets for his State's chief farm commodities.

The most famous food label in the world today is the one that reads, "Donated by the People of the United States of America"—the phrase that is being carried into millions of huts and hovels of the world in a score of languages.

Yet, this vast array of food aid is only a part of the food-for-peace story.

It covers only programs under titles II and III of Public Law 480—programs for which AID has direct responsibility—programs involving either direct government-to-government programs of our great voluntary agencies such as CARE, Church World Service, Catholic Relief Service, and similar groups registered with AID who cooperate in the food-for-peace effort.

But, an even larger food contribution is being made to our total assistance efforts around the world through the titles I and IV sales programs in which the food moves through regular commercial channels of trade.

During this past year, 32 new or amended sales agreements amounting to over \$586 million worth of U.S. agricultural products were concluded with 28 countries, involving movement of more than 5 million tons of farm products.

While it is impossible to estimate the millions of recipients aided by this huge input, these sales programs have prevented inflation-causing food shortages in many underdeveloped areas of the world. They have also generated more than \$350 million worth of local currencies made available to AID for granting or lending back to the purchasing countries for a vast array of economic development programs—and another \$30 million for military support to friendly allies.

Out of these calendar year 1963 food-for-peace agreements, have been generated an additional \$135 million for U.S. Government uses—including embassy costs abroad, market development promotion for American agriculture, financing of our cultural exchange program, translation of books and periodicals for the U.S. Information Service, and many other uses.

When these "U.S. use" funds are used by other departments of our Government, appropriated dollars are paid back into the Commodity Credit Corporation so that dollars remain here instead of going abroad.

Over the years you have heard a great deal of the title III donation programs administered through voluntary agencies cooperating with us.

But you haven't heard as much about the title II programs for economic development—for this is a newer area of our food-for-peace effort—an area in which we have made great strides forward in the past few years. The authority contained in this title of Public Law 480 has been used to stimulate and assist in desirable agricultural development and resettlement objectives—and even in the founding and financing of cooperatives—through the use of food and feed.

For example, where large segments of the population are unemployed and underfed, workers usually are willing to accept food as partial payment of wages for work on high labor component projects such as land clearing, reforestation, and the construction of roads, bridges, schools, dams, and irrigation and drainage ditches.

America's farm abundance is assisting in the implementation of such community development projects around the world. Gainful employment is being given to idle hands in a constructive economic development effort having a direct impact on the people in their own villages. In 19 countries, an estimated 585,000 laborers are earning food as part payment of wages. Including families, the total number of recipients of food under this program exceeds 3 million people.

This aspect of food for peace has worked remarkably well in Tunisia, where over 200,000 workers have completed 3,500 projects ranging from well digging to reforestation, and are, even now, at work on other land improvement and soil conservation projects.

On Formosa, some 5,000 persons are engaged in similar food-financed activities. In Ilan, a province of Formosa, I stood on an 8-mile earthen dyke as it was being completed by rice farmers to save their crops from typhoon flooding. Through interpreters, these Chinese farmers told me that it couldn't have been done without our food being supplied to their families, thus freeing them to contribute their labor for a project that has preserved the entire area's farm productivity.

In Bahia, Brazil, road construction has been a major project under the food-for-wages program. A typical example is a 12-kilometer farm-to-market shortcut, which actually shortens by 30 kilometers, the distance from the sisal producing area in Bahia to the regional marketing center.

Trouble-torn Algeria is another example, where, acting through the Church World Service rather than the Government, we have provided wheat, nonfat dry milk, and edible oil in sufficient quantity to permit putting 18,000 people to work on reforestation. They will set out 21 million trees on 28 sites, involving an estimated 53,000 acres of land.

These are but a few of many examples of how your food is being put to work—improving the possibility for people in other lands to become self-supporting in the years ahead.

We are also "grubstaking" agricultural resettlement and colonization projects in support of land reform—in Africa, in the Middle East, and in Latin America.

Illustrative of such undertakings is the recent food-for-peace agreement signed with Colombia to help grubstake displaced rural families under an Alliance for Progress pilot project.

Under its terms, food will be supplied to families in the process of settlement in new areas on land grants offered by the Colombian Federation of Coffee Growers. It also will be used in the preparation of cafeteria meals at rural school centers and as partial payment for work on access roads in the affected area.

By helping to establish cooperatives—substituting food and feed for dollars as "seed" capital—we hope to help build the very institutions that, under democracy, have enabled the American farmer to be a productive contributor to, as well as a participant in, the highest living standard the world has ever known.

As an example, American farm surpluses are about to be put to work to help build a livestock and poultry industry in the Philippines.

Under a 5-year operating agreement, American surplus feed grains, beginning with sorghum, are to be exported to Filipino cooperative exchanges which will receive and store the grains, contract for milling and mixture of additives by private feed companies, and sell the feed to farmers through approved cooperatives.

The funds generated are to be used for providing credit to help small farmers get on their feet in the Philippines.

The food-for-peace program also assists private investment in the developing countries. Under Cooley loan authority, so-called because the legislation was sponsored by Representative Cooley, of North Carolina, up to 25 percent of the local currency generated by the sale of American surplus foods and fibers may be lent to U.S. business firms or their affiliates for oversea investment opportunities contributing to economic development. Since the inception of this program late in 1957, more than 230 loans totalling almost \$150 million have been made for private enterprise in 22 countries—from Greece to Pakistan, from Turkey to free China.

Recently, we made the largest Cooley loan in the history of the program—\$17.5 million worth of local currency to help build a fertilizer plant in India. Together with an Export-Import Bank loan—to cover the dollar cost of some of the plant equipment—this project comprises the largest private financing of any project in India.

Perhaps these examples give you some idea of the vision and creative imagination being used to develop more effective uses abroad for our domestic food abundance.

But, we must view the food-for-peace program in its true perspective. Effective and important as it is, it is but one of the resources available to us. Food for peace can only achieve its objectives if it is considered as a part of an overall foreign economic assistance effort by the United States, an effort in which capital development and technical assistance are combined with food for peace to achieve a common objective.

For example, free China is reaching a point where its economy is becoming self-sustaining. Food for peace contributed greatly to this development, but it could not have done the job alone. Capital development and technical assistance, combined with food for peace, have made this dynamic achievement possible.

And, as free China approaches self-sustaining growth, not only is it becoming a stronger part of the free world, but it is also becoming a larger export market for American agricultural commodities. U.S. commercial exports to that country have more than tripled in the last 5 years.

Free China is not unique as an example of how food for peace has triggered a chain of events that has seen aid recipients become cash customers.

Thanks in part to a school-lunch program instituted with gift commodities from the United States, the Japanese have developed an enormous appetite for U.S. milk, wheat, and corn products. As a result, they now buy immense quantities of each of these commodities for dollars. Japan, a former beneficiary of food for peace, is now the largest single purchaser of American farm products.

Where food for peace has gone in other parts of the world, there now are developing dollar markets for more and more U.S. commodities. Spain, for example, has become a \$70 million a year cash market for U.S. farm products. Israel and Greece are also coming up rapidly as dollar purchasers.

It seems to me, therefore, that all Americans, and more particularly those who are engaged in raising, selling, and distributing food, have an enormous stake, not only in the food-for-peace program, but in the whole foreign assistance effort.

You may be skeptical of the success of this Nation's foreign assistance efforts.

You may be pessimistic over recent setbacks and be apprehensive lest there be future ones. But, let me say that final success or failure will not be determined by them.

It is a mistaken idea to measure success or failure of a long-range program in terms of short-range events.

We must bear in mind that the myriad of problems of development cannot be easily and readily solved. Progress which necessarily involves the stimulation to growth of institutions—which for us began with the Magna Carta 800 years ago—takes time and patience. We must not allow ourselves to weary of this burden, for—as the late President Kennedy warned, “* * * our adversaries will not.”

So long as the ultimate objectives of economic, social, and political growth is clearly and broadly based in a context of individual freedom and self-respect, we can be safely optimistic of the future.

Though the road to development is clouded in uncertainty—progress has been made—progress is being made.

To paraphrase an old saw, “Helpfulness is the best policy.”

We are helping others because it is the right thing to do—and the right thing to do in this instance—simultaneously serves our own vital interests.

We in the United States are faced with a flaming challenge—one which contains within itself a golden opportunity.

The challenge—which threatens the peace of the world and our own security—is posed by the revolution of rising expectations occurring in the developing nations of the free world.

To help these people achieve their aspirations presents us with a unique opportunity to serve our own vital interests—a more secure future and an expanded economy.

We dare not ignore this challenge—or we will surely lose the opportunity.

(Whereupon, at 11:15 a.m., the subcommittee was in recess, to reconvene at 10 a.m. Thursday, February 20, 1964.)

EXTENSION OF PUBLIC LAW 480—TITLES I AND II

THURSDAY, FEBRUARY 20, 1964

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON FOREIGN AGRICULTURAL OPERATIONS
OF THE COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met, pursuant to recess, at 10 a.m., in room 1310, Longworth House Office Building, Washington, D.C., Hon. W. R. Poage (chairman of the subcommittee) presiding.

Present: Representatives Poage, Jones of Missouri, Matthews, Harding, Matsunaga, Dague, and McIntire.

Also present: Representative Quie.

Christine S. Gallagher, clerk; Hyde H. Murray, assistant clerk; John J. Heimburger, counsel; and Robert Bruce, assistant counsel.

Mr. POAGE (presiding). The subcommittee will please come to order.

The National Academy of Sciences, National Research Council, have presented us with a statement which they ask to be inserted in the record in lieu of an oral presentation, and without objection it will be made a part of the record at this point.

STATEMENT OF THE FOOD AND NUTRITION BOARD OF THE NATIONAL ACADEMY OF SCIENCES-NATIONAL RESEARCH COUNCIL

The Food and Nutrition Board, established in 1940 under the division of Biology and Agriculture of the National Academy of Sciences-National Research Council, serves as an advisory body in the field of food and nutrition. It promotes needed research in the broad field and helps interpret nutritional science in the interests of the public welfare. The Board may act on its own initiative or on request from public or private agencies.

The members of the Board are appointed from among leaders in the sciences related to food and nutrition on the basis of their qualifications of experience and judgment to deal with the broad problems that come before the Board. Appropriate contact with Federal agencies, scientific societies, and other associations is maintained through liaison representatives appointed from their respective organizations. Specific activities of the Board are carried on by the committees composed of experts in each field. Members of the Board and its committees serve without compensation beyond their actual expenses.

Financial support for publications and meetings of the Board is primarily provided by foundations such as the Milbank Memorial Fund, the Nutrition Foundation, and the Williams-Waterman Fund of the Research Corporation. Funds for specific purposes may come through government contract or grants from industry.

INTERNATIONAL FOOD AND NUTRITION PROGRAMS

FUNDAMENTAL PRINCIPLES AND PROBLEMS

The Food and Nutrition Board recognizes the need for effective action programs to meet urgent food and nutrition deficiencies in many developing areas of the world. Consideration must be given both to the needs of resident populations and to achieving long-range objectives of mutual interest based on improvements in agriculture, food technology, nutrition practices, and public health. The recommendations developed in this statement have an obvious relationship to problems in international trade and in developing worldwide conditions that lessen the risks of war.

The quantities of food available for export from technologically advanced countries are far below the quantities needed for normal health and vigor in countries where population densities are high, agricultural practices are inefficient, and where trained personnel, equipment, arable land and transportation facilities are lacking. In many countries the rate of population increase tends to outrun or offset the slow increments in food production and improvements in economic or social structure.

Fortunately, in North America, Western Europe, Australia, Argentina and a few other sections of the world there is currently an abundance of foods for export both through regular channels of trade and on a humanitarian basis to areas where hunger and malnutrition are most severe. Although the most damaging deficiencies are in foods of high quality protein, such as milk, meat, poultry, and fish, there are many countries where caloric deficiencies are serious. The caloric (energy) needs can be met at relatively low cost with supplies of grains, legumes, and oil seeds, such as wheat, corn, rice, sorghum, and soybeans which are also useful sources of protein, fats, vitamins, and minerals. Adequate caloric intake is an important and immediate factor in maintaining morale and work output but often does not correct the most crucial forms of nutritional health impairment.

Unfortunately the fundamental manner in which an inadequate food supply—in terms of either quantity or nutritive quality—retards economic, social, and political development often goes unrecognized here and abroad. When malnutrition is endemic the low levels of vitality, poor resistance to disease, stunted physical and mental development, and limited time for constructive pursuits beyond mere survival all combine to restrict progress and to create political and economic instability. Such conditions in any part of the free world impose upon other nations economic hazards and risks to peaceful relations.

Policies and programs for the utilization of foods available for export should include provision for at least three major categories of use:

1. Commercial sales in world markets through normal channels of trade represent the major immediate and long-range goal, insofar as circumstances permit. Under present circumstances, this avenue of action, however, does not serve adequately in meeting the total situation.

2. Special negotiations are important in soft currency areas, including such arrangements as purchase credits at low interest rates, exchange for goods or materials for which there is a need in this country and crediting food as part of contract commitments for economic development. Agreements should include specific and liberal allowance of funds for advanced training programs in agriculture, food technology and nutrition, both here and abroad.

3. Organized and supervised programs of free distribution in disaster areas and for humanitarian purposes as in maternal and child health centers and school lunch programs are desirable, but only via well-organized national and international agencies that require joint responsibility by local agencies and provide enough surveillance to assure satisfactory programing.

There is no prospect that most of the newly developing countries will find it possible through their own resources to produce immediately enough of the foods needed for optimum health, and it is equally clear that the more advanced countries cannot produce enough to meet the entire world needs. However, our policies should vigorously and honestly encourage the development of food resources within the countries that have severe deficiencies beyond their present capacity to purchase or provide. Giveaway techniques or uneconomical merchandising of food commodities will not solve either their problem or ours. Start-and-stop programs are even more damaging, particularly in food, health, and educational activities.

Beyond the service of supplying foods on a normal economic basis, our greatest contribution in proportion to our resources can be in terms of careful and vigorous programs of education by demonstration and sustained personnel training, supplemented by financial credits and the advisory services of carefully selected experts to improve research and practices in agriculture, human nutrition, food technology, sanitation, and industrial management.

In shaping policies and in planning programs, there should be clear recognition that the segment of the population penalized most severely by malnutrition in nearly all of the developing countries is in the age range from weaning to 5 years. Reaching this group is extremely difficult. In many areas, up to 50 percent of the children fail to survive to school age, directly or indirectly as a result of poor nutrition. Among those that survive, permanent physical stunting is often equivalent to 2 to 3 years of their most rigid growth and the central nervous system may also be irreversibly injured in degree comparable to the suppression of early growth. In the light of requirements for achieving social and economic progress, the task of assuring an adequate food supply for mothers, infants, and growing children merits a much higher priority than it has had in the past. For example, it is shortsighted and tragic to go so far as to encourage increased use of land for production of cash crops for export from newly developing countries when the result of such a program is failure to adequately feed and protect the health of the population as a whole. Agricultural exports can be of immense economic advantage in establishing a favorable monetary exchange, but this goal should not cause neglect of available land, credits, and education to produce essential food for low-income segments in the population.

IMPORTANCE OF FOOD TECHNOLOGY

The vital importance of food technology to the development of countries whose economy is based largely on agriculture has not been clearly recognized. Food technology can make permanent contributions to the economy and health of developing countries in three broad fields:

1. In agriculture by providing improved crop selection, processing, and distribution, thus stabilizing and extending outlets for farm products on a year-round basis, and by preventing waste and spoilage of temporary crop surpluses. This role of the food technologist is a key to success in agricultural production.

2. In industry by providing employment at a higher level of production and income through an expansion of food processing and by developing products for export.

3. In public health by improving the nutritional value of foods and by modernizing sanitary practices in food handling. For example a very important contribution of food technology would be the development of high-quality protein foods in forms that are inexpensive and highly acceptable.

FEATURES OF AN ADEQUATE PROGRAM IN NUTRITION AND FOOD TECHNOLOGY

Although conditions vary from country to country, an adequate program in nutrition and food technology would include such features as:

1. Establish departments of nutrition in universities with specialists in clinical nutrition, biochemistry, physiology, dietetics and food management.

2. Organize and support teaching curriculums for training of medical students, nurses, dietitians, home demonstration agents, and public health educators in nutritional science.

3. Assist and support the conduct of dietary surveys, nutrition clinics, and research programs on problems of greatest local and national importance.

4. Establish food technology laboratories in one or more agricultural colleges, with specialists in bacteriology, food analysis, food engineering, and food management. The laboratory should include pilot plant equipment for developmental work on a semicommercial scale.

5. Organize and support training programs in food sanitation, quality control, research and demonstrations, emphasizing the production and processing of high-quality protein foods, and the shipment or canning and dehydration of local foods generally.

6. Organize councils on food and nutrition to coordinate programs and advise the secretaries or ministers of agriculture, health, education, commerce and economic development. One of the major goals in the work of

such councils should be the development of agricultural industrial programs to serve all segments of the public on a sound economic basis.

RECOMMENDATIONS

1. In view of the primary importance of nutrition and food technology to the health and economic welfare in developing countries, the Food and Nutrition Board recommends that a comprehensive program in nutrition and food technology be instituted and supported by the Agency for International Development or other Federal agency authorized to meet this critical need for a coordinated and sustained program. A top-level executive should be appointed with sufficient responsibility to insure coordination of the international activities of the several Government departments that have major interests in nutrition and food technology and in the related aspects of agriculture, industry, education and public health.

2. A small high-level advisory committee or commission should be established to assist the above executive in developing and maintaining a greater degree of coordination among Government, non-Government, and international agencies having major responsibilities in international food and nutrition programs. Members should be independent of other Government positions and should include chiefly persons with extensive training and experience in such areas as food production, distribution and technology, human and animal nutrition, education and public health. Executive sessions should be held regularly and on call by the chairman. Administrative responsibilities apparently should be in the Federal Council of Science and Technology.

3. Provision should be made for sustained and increased support of the Interdepartmental Committee on Nutrition for National Development and for follow-up programs to build on the opportunities created by their initial surveys. This group has completed surveys in 22 countries and has issued reports outlining both the nature of problems to be solved and programs for their solution. The surveys constitute a resource that should be developed for the mutual advantage of the countries served and the United States.

4. Because of the severity and worldwide scope of the problem and its significance for social and economic development, a primary objective of the U.S. foreign policy as it relates to foods and nutrition should be the prevention of serious malnutrition among children, with first consideration for the age range from weaning to 5 years. This program should be accomplished in a manner that will not create dependency, but instead will encourage individual initiative and responsibility within the areas served.

5. International food and nutrition programs should include a diligent regard for encouraging food production for domestic use or export, whichever is in the best interest of the total population in developing areas. Attainment of good nutrition practices within the cooperating countries should be the primary goal. This policy would encourage, rather than interfere with, a progressive development of markets in normal trade for products from the United States, but the marketing aspects should not have precedence over the protection of health and general economic progress in the developing countries.

6. Greater flexibility and coordination should be developed in the use of Public Law 480 funds, particularly in support of research that would facilitate action programs and training of personnel to serve within the newly developing areas. Training programs should include major emphasis on nutrition and food technology, and provision for broad training in agriculture and collateral training as in economics, statistics, public health, sanitation, and food distribution.

In areas where Public Law 480 funds are not available, support should be developed from other sources such as the Agency for International Development, the National Institutes of Health, the Office of International Scientific Affairs, the Food for Peace Council, the Freedom From Hunger Foundation, and the United Nations' agencies. Insofar as possible, the training of professional personnel should be developed on the basis of (a) careful selection and (b) commitments by cooperating governments or their respective institutions, for placing and supporting trained personnel in positions commensurate with their training and ability. Private foundations, State Department attachés, and National Academies of Science with experience in fellowship placement should be invited to assist in this type of service.

7. In virtually none of the newly developing countries is there a food processing and distribution industry adequate to serve the urgent year-round needs of the population. Neither do they have established programs of sanitation and

pure food control. Guidance in this area of agricultural and industrial development is essential to establishing healthful conditions and a stable economy.

Mr. POAGE. We will proceed on the same basis as yesterday. Each witness will be allotted 7 minutes for his basic statement, and we will try to limit the questioning to 5 minutes. We will proceed on that basis. It worked out very well yesterday and I trust that it will work out all right today.

Our first witness this morning is Mr. John C. Lynn, legislative director of the American Farm Bureau Federation, who is accompanied by Herbert E. Harris II, assistant legislative director, and Gustave Burmeister. We will be glad to hear from you now, Mr. Lynn.

STATEMENT OF JOHN C. LYNN, LEGISLATIVE DIRECTOR, AMERICAN FARM BUREAU FEDERATION; ACCOMPANIED BY HERBERT E. HARRIS II, ASSISTANT LEGISLATIVE DIRECTOR; AND GUSTAVE BURMEISTER, ASSISTANT LEGISLATIVE DIRECTOR, AMERICAN FARM BUREAU FEDERATION

Mr. LYNN. Mr. Chairman and members of the subcommittee, we will try to stay within our allotted time. In order that we might reserve some time for questioning, because we are making some recommended changes, I will highlight this statement, with your permission, and have the entire statement inserted in the record as if read.

Mr. POAGE. Without objection, that may be done.

Mr. LYNN. We try to make clear that the situation is different now than it was at the time that Public Law 480 was enacted. You will recall that we worked very closely together with you, Mr. Chairman, in developing some of the basic points in Public Law 480. At the time this loan was enacted there was a tremendous shortage of dollar exchange with which countries could buy our surplus agricultural commodities. Certainly, it is recognized that our balance-of-payments situation has greatly changed.

We had some \$6 billion worth of surplus commodities in the Commodity Credit Corporation hands at that time. Unfortunately, we still have \$7.2 billion or more surpluses in Commodity Credit Corporation hands.

This was designed as a temporary program, but it has turned out to be a rather permanent program. We are not unhappy at all with the results of Public Law 480 up to now. We think that it has furnished food to people who would not otherwise have been able to buy food, and we think to some extent it has created some new markets. However, as representatives of agriculture we feel concerned when such a great percentage of our export market is currently depending on Public Law 480.

On page 2 of our statement we outline the percentage of these various commodities that are currently being exported under Public Law 480. We do not think that this is a very solid basis for building the future of agriculture. Thus, we are making some recommendations for change.

I am sure that you are aware of the accumulation of foreign currencies and of the number of countries that are participating in Public Law 480 programs.

On page 5 of our statement, we are making some suggested changes in the legislation. We will be happy to work with your staff in de-

veloping language for this purpose. We have stated it fairly general, but we think that it is time that we require 25 percent of the purchases be in convertible currency. That is to say, if you were doing a \$100 million deal with a given country, that you would have \$75 million in local currency under title I, and a \$25 million requirements for convertible currency.

We think the recent agreement negotiated with Poland as outlined on page 6 of our statement is the kind of transaction that we would like to look forward to in future Public Law 480 agreements.

In the light of this recommendation we see no need for the mandatory set-aside of 5 percent for market development or the 2-percent convertibility requirement that is currently in the law. If you get 25 percent in convertible currency then the people who are engaged in market development will have adequate funds through appropriations. We are in no way trying to deemphasize real market development work in our recommendation here. The fact of the matter is that this would give it a boost.

We recommend that the title I authority be extended for 3 years. We believe that the Congress ought to take a look at an important law like this at least every 3 years.

In addition, we recommend that the authorization be for \$3 billion for these 3 years, with authority to commit up to \$1.5 billion in any one year. We recognize that you have to have some flexibility in this regard.

With regard to title II of this act, which is currently being administered, as you know, by the foreign aid program, or AID, this has long been charged up to the agricultural budget. Since it is administered as an AID program, we think that this ought to be removed from the agricultural budget and be a part of the foreign aid budget. We are so recommending.

Mr. Chairman, these are the principal recommended changes that we want to make in this law.

I thank you.

Mr. POAGE. Thank you very much for this presentation. I would like to ask you how you propose to make this title II expenditure come out of somebody else's budget. I thoroughly agree with your objective. It strikes me as something that ought to be done, but how can we practically do it?

Mr. LYNN. I think this committee has the authority to do this. In your report you could indicate this as your wish and intention, and then I think that we will have to use whatever persuasion we can with the Bureau of the Budget.

Mr. POAGE. Can this committee authorize an expenditure for certain social or relief programs apart from any agricultural connections?

Mr. LYNN. Yes.

Mr. POAGE. But we have done it, at least, under the cloak of an agricultural activity. This committee has not any jurisdiction over relief programs as such.

Mr. LYNN. I recognize that, sir. We propose to follow through with this and make a similar recommendation when we appear before the Foreign Affairs Committee. I think that with your indicating your approval of this, together with whatever push we can give over there it may be by next year—we recognize that this cannot be done for fiscal 1965—that we could get this done.

Mr. POAGE. These items are in the agricultural budget. I have always thought that they did not belong there. I do not see where the school lunch program belongs in the agricultural budget. I do not see where a number of these programs that are highly desirable—and I would not want to repeal them—and I do not want to repeal title II of this bill, either, but I do not know why they are charged up to agriculture.

Mr. LYNN. There were some good reasons for having this in Public Law 480.

Mr. POAGE. I know there were. It was put there as a part of a general program to move the commodities. This, as you pointed out, is working, and we recognize now that part of it is for relief of social or international programs, and that part is not an agricultural program as such. I am not finding fault with the program. I think it is a good program. I want to carry it on, but I do not think that it is fair to the public of the United States for them to feel that it was spent on behalf of the farmers of the Nation, because it was not spent any more to help the farmers of the Nation than it was spent to help the man who lives in the Waldorf Astoria Hotel all of his life.

Mr. LYNN. There is another recommendation that we make in our statement that I did not summarize. It is that we think that the program ought to be worked out at the time an agreement is developed with a country for the use of the local currencies. We think that this accumulation of vast amounts of local currencies to our account, deposited in banks in these countries, is beginning to prove embarrassing to us and to the recipient countries. And we see no reason why, as a part of this agreement, we should not negotiate or make plans as to how we will use the local currency accumulations under this sale.

Mr. POAGE. We will go off the record.

(Discussion off the record.)

Mr. POAGE. Back on the record.

Thank you very much.

Mr. LYNN. Mr. Chairman, these four amendments are very simple. And all we are asking is that you just adopt them as you report this out. And this is our story.

(The prepared statement of John C. Lynn, of the American Farm Bureau Federation, follows:)

STATEMENT OF THE AMERICAN FARM BUREAU FEDERATION, PRESENTED BY JOHN C. LYNN, LEGISLATIVE DIRECTOR, AND HERBERT E. HARRIS II, ASSISTANT LEGISLATIVE DIRECTOR, FEBRUARY 20, 1964

We appreciate this opportunity to present Farm Bureau's views with regard to Public Law 480, the Agricultural Trade Development Act. Under current law, title I (authority for sales of surplus farm products for foreign currency) and title II (authority for foreign grants of agricultural surpluses) expire December 31, 1964. Since there is no bill presently before the Congress, our comments of necessity are somewhat general and our recommendations are limited to these two titles of the law.

Farm Bureau is an organization of 1,628,295 farm and ranch families in 49 States and Puerto Rico. Our extensive policy development program provides every member, individually and through his elected representatives, an opportunity to study, discuss, and take action at thousands of meetings each year.

In 1954 Farm Bureau took a leading role in developing legislation, which became Public Law 480, authorizing an export program for surplus agricultural products designed to move them into consumption and establish the basis for long-term commercial sales in the future. You will recall that this was to be

a temporary program. At the time, international trade in farm products was being restricted because of several factors. One of the chief factors was a "dollar shortage" which was almost worldwide. Today that situation has changed dramatically. When Public Law 480 was being considered by Congress in 1954, it was looked upon as a means of moving surpluses out of storage and into consumption. Our agricultural surpluses at the time amounted to a little over \$6 billion. At the end of fiscal year 1963—and after 9 years of Public Law 480—our agricultural surpluses amount to some \$7.2 billion. So in light of the many changes that have occurred, we think it is appropriate that this program be reviewed at this time.

THE CURRENT SITUATION

To a very large degree, as is indicated by the continued buildup in Commodity Credit stocks, Public Law 480 shipments have come out of current production, and perhaps these export movements have given the impression that some of our domestic agricultural programs have been working better than they actually are.

The program has moved a tremendous amount of surplus agricultural products to many nations which would not have been able to obtain them through normal purchases. Agricultural products valued at over \$20 billion have moved since the enactment of this law.

Title I foreign currency sales have accounted for the export of \$14 billion worth of farm products. Title II donations have amounted to \$1.5 billion; foreign and domestic relief shipments under title III have exceeded \$3 billion; and barter contracts account for over \$1.5 billion. Less than \$200 million of farm products has been sold under the long-term credit arrangements of title IV.

Foreign currency sales under title I have accounted for nearly 2.8 billion bushels of wheat, 83 million bags of rice, 417 million bushels of feed grains, 7.6 billion pounds of fats and oils, 8.1 million bales of cotton, and large quantities of other farm products. Since U.S. agriculture has a vital stake in the export market, present and future, we must be concerned over the persistent percentage of our exports that moves under the Government programs of Public Law 480.

In fiscal year 1963—

Wheat exports represented 58 percent of U.S. production; 76 percent of these exports moved under Public Law 480.

Rice exports were 54 percent of U.S. production; 58 percent of these exports moved under Public Law 480.

Drastically reduced cotton exports still represented 25 percent of U.S. production; the percentage that moved under Public Law 480 increased to 33 percent.

Soybean oil and cottonseed oil exports represented over 40 percent of U.S. production of these oils; 40 percent of these exports moved under Public Law 480.

The above agricultural products represented 40 percent of our agricultural exports last year. On a total value basis, 60 percent of them moved under Public Law 480. Can any industry hope to build solid markets if it continues indefinitely to base such a substantial part of its marketing on Government programed exports for nonconvertible currency?

FOREIGN CURRENCY SALES

Farm Bureau 17964 policies in regard to Public Law 480 state:

"The law should be extended for not more than 3 years with authorization to use existing surpluses in a constructive manner, moving them into consumption where nations are unable to pay in dollars. These export movements should not replace dollar sales. It is not consistent with the purpose and intent of the law to embark on a program of encouraging production to expand Government-financed movements or to attempt to justify unrealistic domestic programs by citing the availability of foreign currency sales as a means of exporting the surplus production."

In our opinion, the purpose of title I foreign currency sales has been widely misunderstood. This program was not designed to be—it never has been—a direct relief program in which food was given to the people of the recipient country. Other titles of Public Law 480 and the foreign aid program were designed to serve that function. Under title I, the recipient country is supposed to make payment for the product received. The food and fiber is sold through normal commercial channels, and the individual consumers in the recipient

countries pay their local currency for these products. Such a program provides the recipient country with two direct benefits.

It (a) is a means of accumulating capital for economic development and (b) permits the importation of food in cases where foreign exchange is not available to pay for it. When Public Law 480 was enacted, and a dollar shortage existed throughout the world, foreign currency transactions were viewed as a transitional program which would lead to normal commercial trade as foreign exchange became available.

In the current situation, Public Law 480 appears to be operated primarily in the interest of the economic development of less developed countries. There have been instances in the past when this program was used to develop some solid markets for U.S. agricultural products; however, we question whether it is achieving this objective currently.

For example, wheat shipped to Japan under Public Law 480 has developed a continuing market which probably would not have reached its present magnitude without the program. Over 6 years ago, soybean oil sales to Spain were initiated under Public Law 480. Spain has now emerged as the largest U.S. cash market for edible oils. However, continued unrestricted programing to countries such as India, Pakistan, the United Arab Republic, et cetera, will not bring about commercial markets. It may very well prevent them from developing.

The international dollar shortage of 1954 has been reversed in 1964. The persistent balance-of-payments deficit of the United States has built up tremendous dollar and gold reserves outside of this country. With a deficit in our balance of payments which has averaged around \$3 billion over the past several years, a policy of programing \$1.5 billion worth of farm products for foreign currency should be subjected to the closest scrutiny.

The extent to which many underdeveloped countries can benefit from additional accumulation of local currency under Public Law 480 is subject to serious question. The billions of dollars' worth of foreign currency accumulated under Public Law 480 has become in many instances more of an embarrassment than an asset. The Budget Bureau has indicated that the United States today holds "excess currency in Poland, India, Burma, Israel, Pakistan, the United Arab Republic, and Yugoslavia." We have accumulated sufficient foreign currency in some countries to attain the unenviable position of being capable of wrecking the foreign country's economy. The fact is that some foreign countries have little motivation to "draw down" foreign currency generated by Public Law 480 for economic development projects. There is some indication that, given the choice, some foreign countries prefer to pay for projects with "new money" rather than to borrow foreign currency from the Public Law 480 account. The effect upon their economies is approximately the same if the United States agrees to continue to confine its hoard of foreign currency; and, in the case of "new money," there is no need to pay interest.

For example, the United States holds \$532 million worth of rupees in India. The Budget Bureau estimates that we will spend about \$21 million equivalent in India during the next fiscal year.

The foregoing facts indicate that, just as the conditions in 1954 called for a new program such as Public Law 480, current conditions in 1964 call for basic and fundamental changes in the program. This requires the enactment of new safeguards and the strict and vigorous implementation of them.

NEW SAFEGUARDS

The most important safeguard is to take those steps necessary to insure that foreign currency sales are limited to current agricultural surpluses. This means that our domestic agricultural programs should not encourage production in order to expand foreign currency movements under title I. This also means that we should not attempt to justify unrealistic domestic programs by citing the availability of foreign currency sales as a means of exporting the surplus production. We have a serious obligation, not only to ourselves but also to other exporting nations, to make basic changes in our domestic agricultural programs to prevent artificial incentives for production when such production is to be pushed into the world market through special programs such as Public Law 480.

Of course, the magnitude of the export movements of agricultural surpluses as carried out under Public Law 480 presents a constant danger of displacing normal commercial sales. In our opinion, some displacement has already occurred.

Any new legislation should require that "usual market provisions" be included in every agreement. In addition, we should require that all future foreign currency sales be made on the condition that at least 25 percent of the total purchase be paid for in dollars or freely convertible foreign exchange.

The recent export arrangement with Poland which included a \$30 million foreign sale, a \$30 million short-term credit sale, and a \$30 million sale on commercial terms is evidence that it is time, and that it is possible, to move toward more commercial sales arrangements with the countries which have been acquiring a major part of their food needs through title I type programing. We recommend that this 25-percent requirement be written into the law now.

After 9 years operation of this program, there is a growing attitude among many nations that farm products are not worthy of foreign exchange. To put it another way, many underdeveloped countries seem to feel that foreign exchange is something to be used for the importation of industrial goods since food import requirements can be met through Public Law 480-type transactions. This could have an extremely detrimental long-term effect upon potential dollar markets for farm products.

The excessive foreign currency balance indicates the necessity for a requirement in the law that a Public Law 480 agreement specify not only the general category to which the foreign currency is to be applied but also the projects for which those funds allocated to economic development will be used. Foreign currency should not be generated through title I sales unless there is real evidence that it can be used promptly and constructively. A foreign currency sale which results in such currency lying indefinitely in a U.S. account is not a sale, and is not serving the best interests of either country.

Since market development activities are being financed by appropriations even when foreign currencies are used, the mandatory set-aside of 5 percent for market development activities should be deleted. With the adoption of our recommendation of a 25-percent cash requirement, there should also be deleted the 2-percent convertibility requirement contained in section 104(a).

EXTENSION AND AUTHORIZATION

Adoption of the revisions recommended herein would enable farm bureau to support a 3-year extension of the authority to enter into foreign currency sales contained in title I of Public Law 480. We would recommend an increased authorization of \$3 billion with the additional limitation that not more than \$1.5 billion could be committed in any one year.

1. We believe it is essential for Congress to review and reassess a program of the magnitude and implications of Public Law 480 at least every 3 years.

2. We believe it is imperative that the United States not indicate to recipient countries or to other exporting countries that we intend to enter premanently into a program of noncommercial export movements of U.S. agricultural products. It is not in the best interest of the United States, the American farmer, or the underdeveloped nations of the world to indicate such an attitude. It would not build strength, it would sustain weakness; it would not generate gratitude, it would compound resentment. Our relationship with underdeveloped countries should be based on the principle of a partnership in trade, not on a donor-donee basis.

An additional \$3 billion authorization to cover this period should prove sufficient. The fact is that we already have "overprogramed" India and Pakistan. It certainly is an unhealthy situation when recipient nations must come to the United States to explain why they do not want to take as much as we have tried to give them.

TITLE II EMERGENCY RELIEF

Donations for emergency relief and so-called work-payment programs under title II of Public Law 480 are currently administered by the Agency for International Development. It seems appropriate that such activities be delegated to the foreign aid agency. Logically the cost should be borne by the foreign aid budget. Therefore, farm bureau recommends that title II authorizations be transferred to the foreign aid bill and be subject to appropriations for foreign aid.

As a temporary program, Public Law 480 can move surpluses into consumption to countries unable to pay dollars. However, the export movements should be used to expand future commercial trade, not as a substitute for such trade. It will defeat our purpose if we allow Public Law 480 to become a permanent program and if we permit recipient countries to become permanently dependent on U.S. Government programs for their food import needs.

Mr. POAGE. We will next hear from Mr. Joseph J. Palisi, chief of the food-for-peace branch of the American Institute for Free Labor Development's Social Projects Department.

STATEMENT OF JOSEPH J. PALISI, CHIEF, SOCIAL PROJECTS DEPARTMENT, FOOD-FOR-PEACE BRANCH, AMERICAN INSTITUTE FOR FREE LABOR DEVELOPMENT

Mr. PALISI. Mr. Chairman and members of the committee, I will not be able to present the brief in the time limit allowed; I ask that it be made a part of the record.

Mr. POAGE. We will be glad to hear whatever you have to say.

Mr. PALISI. I am Joseph J. Palisi, chief, food-for-peace branch of the American Institute for Free Labor Department's Social Projects Department.

This new voluntary agency was accepted for registration by the Advisory Committee on Voluntary Foreign Aid in the closing months of 1963. It has been established by the American labor movement (AFL-CIO) with the encouragement and cooperation of American industry.

The AIFLD fills a long-felt need of American labor for a more personalized participation in oversea social welfare activities. Because of the urgency of the Latin American situation, the AIFLD is addressing its efforts to the pressing needs of our neighbors to the south. You gentlemen, I am certain, all know that more than 25 percent of the AFL-CIO budget is presently dedicated to oversea activities in primarily underdeveloped areas.

Because of our primary thrust, my comments will be largely couched in terms of Latin American needs although they are equally applicable, in most cases, to any of the world's developing areas.

Of the approximately \$100 million worth of projects under development by the AIFLD in the field of workers' housing and workers' banks in Latin America as well as other social welfare activities, \$47 million have been tentatively approved. Roughly 50 percent of the approximately \$100 million represent AFL-CIO welfare funds. It is anticipated that at the present rate of building, construction on the most important AIFLD sponsored workers housing effort oversea (a \$10 million project in the heart of Mexico City) will terminate by the end of this year. Similar efforts have already been or are about to be launched in Honduras, El Salvador, Colombia, Argentina, and elsewhere.

The advent of a basically labor-oriented American voluntary agency—a specifically worker-to-worker program—was long overdue, notably, among other reasons, because of the presence of intensive efforts by antidemocratic forces to infiltrate this vital segment of society.

Looming large in the projected program of the AIFLD are the creation and stimulation along self-help lines of cooperatives, credit unions, and related efforts in community development aimed at improving the fundamental living standards of both urban and rural workers. Since food is regarded by the AIFLD as a factor of basic conditioning for sound development along the aforementioned lines, the extension and development of the provisions of Public Law 480

are deemed to be of the highest importance as we seek to do our share in helping to resolve some of the outstanding socioeconomic problems affecting the workingman in underdeveloped societies.

To graphically illustrate the function which a basically labor-oriented American voluntary agency such as the AIFLD seeks first to perform in Latin America, I submit for your examination a simple diagram of five concentric circles representing definable social groupings in relation to their concern for the needy and their welfare role under the applicable provisions of Public Law 480. The center core represents the needy of Latin America.

The five concentric rings are listed in outer radiating order as:

A. Voluntary organizations (such as CARE, Catholic Relief Services—N.C.W.C.—Church World Services, Inc.);

B. Mass membership secular association (such as trade unions, credit unions, cooperatives, et cetera);

C. Intellectual strata (broadly defined as including those possessing better-than-average qualities of leadership potential as well as by-products of higher education from university students to rectors);

D. The managerial group (which would include large industrialists, landowners, et cetera); and

E. Government services (which would include the central and subdivisional bureaucracies, the Armed Forces, police apparatus, et cetera.

Of the five interrelated and overlapping social strata which act upon and in various ways influence the center core of population composed of the neediest social segments, most of them illiterate and unorganized workers and peasants, only social stratas A and E on the above diagram have, to date, been assigned a serious role under one or more of the four titles of Public Law 480 whose basic purposes, as defined by the Congress itself, was and remains that of improving U.S. foreign relations. With the recognition of the AIFLD as a registered voluntary agency, the stage has been set to allow the purposeful participation of such mass organizations as trade unions in the general food-for-peace effort. What is this expected to signify in the way of returns to the United States and directly or indirectly to the participating Latin American trade union structures themselves?

Mr. POAGE. May I interrupt you to say that your time is running out—you have used up your time. You will not have time to read all of the statement. If you care to summarize it, all right.

Mr. PALISI. I had no idea that I had run out of my 7 minutes, Mr. Chairman. Basically, we envisage AIFLD, which is labor's oriented organization, as one that will be able to do a great deal for the development of democratic free trade unions in Latin America, above and beyond the welfare purposes in which all agencies are involved in this type of work.

I do not think that I will have anything further to add relative to that, but I am open to any questions that you might have.

Mr. JONES of Missouri. I have one question. I cannot comprehend a statement that you make on your first page, "you gentlemen, I am certain, all know that more than 25 percent of the AFL-CIO budget is presently dedicated to oversea activities in primary underdeveloped areas." You mean that the whole budget of the AFL-CIO is encompassed within that statement?

Mr. PALISI. That is correct. The whole central budget of the AFL-CIO—25 percent of that is devoted to oversea activities.

Mr. JONES of Missouri. Where does that money in that budget come from?

Mr. PALISI. From the American workingmen, sir.

Mr. JONES of Missouri. The American workingman? None comes from foreigners. And you are taking 25 percent of the workingman's donation to the AFL-CIO, and spending it in foreign countries?

Mr. PALISI. That is correct, sir.

Mr. JONES of Missouri. Thank you.

Mr. POAGE. Thank you very much.

We will now hear from Dr. Flemmie P. Kittrell, who is appearing here on behalf of the Division of Peace and World Order of the General Board of Christian Social Concerns of the Methodist Church. Dr. Kittrell is serving as professional head of home economics department at Howard University; she has served with the AID in India and, also as a Fulbright professor in that country. She also has engaged in cultural exchange work in Africa for the State Department.

We will be glad to hear from you now.

**STATEMENT OF DR. FLEMMIE P. KITTRELL, REPRESENTING THE
DIVISION OF PEACE AND WORLD ORDER, GENERAL BOARD OF
CHRISTIAN SOCIAL CONCERNS OF THE METHODIST CHURCH;
ACCOMPANIED BY J. ELLIOTT CORBETT, ADMINISTRATIVE
ASSISTANT, DIVISION OF PEACE AND WORLD ORDER, THE
METHODIST CHURCH**

Dr. KITTRELL. Mr. Chairman and members of the subcommittee, I am Flemmie P. Kittrell, of Washington, D.C., and am a member of the Board of Christian Social Concerns of the Baltimore Conference of the Methodist Church. Today I am representing the Division of Peace and World Order of the Methodist Church.

The General Conference of the Methodist Church stated in 1960:

The desperate unmet needs of people in this world are of grave concern to Christians * * *.

We believe that economic assistance, which seeks to make the benefits of scientific advance and industrial progress available for the improvement of underdeveloped areas is an example of both Christian love and practical international brotherhood.

In view of this statement, we favor the extension, expansion, and where desirable, the amendment of Public Law 480 in order that even larger quantities of surplus foods may reach human beings in need through either governmental or nongovernmental channels. We would like to encourage a long-range program, even beyond the 5 years recommended by the administration, until the newly independent and developing countries are able to depend on their own efforts to provide adequate food and a decent standard of living.

While disposal of surplus food has been a benefit to the American farmer and the American taxpayer, we might well consider going further in our Christian concern and sharing some of the foods which have not become surplus, but which are sorely needed to overcome malnutrition in many parts of the world. We are aware of the fact

that this approach could call for a reorganization of production plans at home.

We would approve of an emphasis, either in the preamble or in the bill itself, upon the rationale of the program being one which primarily seeks to meet the world's hunger needs rather than being largely one of surplus disposal. This would tend to make more specific Secretary Freeman's excellent general statement when he recently referred to the program as an expression of "the high moral purpose of the people of the United States." We also wish to note our agreement with Church World Service in changing their slogan from "Share Our Surplus" to "Share Our Substance."

Our general conference further stated :

All programs of * * * economic aid should be designed to benefit the peoples of underdeveloped countries and their economies rather than to serve political * * * purposes.

Therefore, our interpretation of general conference action is that we would generally favor, under title II, the possible use of surplus food for the people of Communist countries where there may be a continuing hunger need as well as in emergency situations. On cases of sales of surplus food—under title I—to Communist countries in exchange for foreign currencies, such currencies might be permitted to be used for projects which would primarily help the local citizenry, such as the Children's Hospital at Krakow, Poland, for example. In other words, we would like to see food used, not as a weapon in the cold war, but as an instrument of good will for all peoples.

We would recommend that food for peace be used increasingly to strengthen multilateral programs, particularly those of U.N. agencies, rather than that it consist largely of bilateral programs.

Our general conference has declared :

We sincerely acknowledge the liberal contribution by the United States * * * of food * * * to benefit the underdeveloped areas of the world.

We take great pleasure in the knowledge that, as Secretary Freeman has pointed out :

We are now providing school lunches for 40 million children * * * in over a hundred countries * * *.

I personally have closely observed the food-for-peace school lunch program in southern India, and I am very enthusiastic about its achievements.

As Christians, we support the program basically because Christ said :

* * * for I was hungry and you gave me food * * * as you did it to one of the least of these my brethren, you did it to me.

Mr. POAGE. Thank you very much, Dr. Kittrell. I would simply want to raise the same question with you that I have raised with the other witnesses. Do you emphasize the importance of this program as a social program? If it is to be a program which involves, as you suggest, such social program and I am not finding fault with that either, but be it that type of program, where should the cost of it be charged?

Dr. KITTRELL. Well, I think, the American taxpayer.

Mr. POAGE. Yes, the taxpayer, but the American taxpayer understands today that he is having to pay out over \$6 billion for agricultural programs. He is told that it is for the benefit of the American farmer. He is told that day by day that the American farmer is on his back, and that he is taxed to the extent of \$6 billion for that program. The farmer should not be charged with that, should he?

Dr. KITTRELL. It seems to me that when we do this we are also really helping the farmers, because, as we sell food abroad, and food is produced—and if people are going to be fed and therefore be better human beings, it revolves back to us in good neighborly living.

Mr. POAGE. I agree with you, that is a fine thing, but all of us who participate in this realize and know that it is intended that the public is to understand that this is carried out for the benefit of the American farmer and that the taxpayer pays for it. Are we doing it to help the farmer or because we think that it is a sound program—as you have well expressed it, that it is something that Christ said that we should do?

Dr. KITTRELL. Yes.

Mr. POAGE. He did not say that the farmers should do it, any more than any of the rest of our population should do it, did he?

Dr. KITTRELL. Well, we are all involved with the farmers.

Mr. POAGE. I know that we are. The point I am making is where this appropriation should be charged, whether to the Department of Agriculture or to the Department of Health, Education, and Welfare.

Dr. KITTRELL. I think that with all of our international programs that we kind of share the charge.

Mr. POAGE. No, we make all of our foreign aid program admittedly as aid programs. It is that part of our foreign aid that is authorized by this committee in the eyes of the public, the eyes of a newspaper—it is all charged to the farmer. That is what I am speaking about. Do you not think that is a little unfair?

Dr. KITTRELL. What I had in mind, however, was that the Department of Agriculture is the administrative officer for these. I do not believe that the taxpayers particularly would be concerned as to who is the administrator, which department, so long as a good job is done in administering this. And so far as school lunches are concerned, I think this is wonderful. And the Department of Agriculture has done a good job of administering it. And from the standpoint of the housekeeping end of it, we would leave that to the people who work in the foreign area.

Mr. POAGE. Thank you.

There are no further questions. We are very much obliged to you.

Dr. KITTRELL. Thank you.

Mr. POAGE. Our next witness will be Mr. Gaines of the Rice Millers Association, but I see that I am breaking into this arrangement and I think that we should complete our social agencies first before we get to our commercial activities. So therefore, let me first call the American Council of Voluntary Agencies for Foreign Service. It would be more appropriate, certainly, to hear from you now, and in that way we will keep a better order than if we take up the commercial activities in between.

We shall be glad to hear from you now, Mr. Farley.

**STATEMENT OF HUGH D. FARLEY, CHAIRMAN, AMERICAN COUNCIL
OF VOLUNTARY AGENCIES FOR FOREIGN SERVICE, INC.**

Mr. FARLEY. Mr. Chairman and gentlemen of the committee, my name is Hugh D. Farley, of New York City. I am appearing here as chairman of the American Council of Voluntary Agencies for Foreign Service, and representing that organization. I happen to be also executive director of the Department of Church World Service of the National Council of Churches of Christ in the United States of America. I am accompanied by Rabbi Hugo Gryn of the American Jewish Joint Distribution Committee, Gordon Alderfer of CARE, Bishop Edward E. Swanstrom of Catholic Relief Services, Mrs. Raphael Tourover of Hadassah, Dr. Paul C. Empie of Lutheran World Relief, and Melvin Myers of Church World Service, members of the Food Resources Policy Committee of the American Council. And I am also accompanied by Mr. Eugene Shenefield, who is the new executive secretary, and Mrs. Elizabeth Reiss, a member of our food resources committee.

You might be interested to know that the American Council of Voluntary Agencies for Foreign Service is an organization comprising at the present 39 American voluntary agencies with oversea programs, representing the major American voluntary sectarian, nonsectarian, and nationality oversea social and welfare agencies, whose combined constituencies include tens of millions of U.S. citizens who through these agencies express their concern for fellow beings in need abroad. This voluntary, tangible expression of concern reflects the spirit of voluntaryism which is traditional to the American people, and an integral part of American life and our democratic heritage.

I wish today to present testimony concerning Public Law 480. There are two major points which I propose to discuss—

1. Extension of titles I and II of the law for an additional period of 5 years, and

2. Certain shifts in the emphasis of voluntary agency programming of Public Law 480 commodities utilization which could be facilitated, we believe, by somewhat greater flexibility in the legislative provisions under which the agencies operate.

It has been nearly 5 years since members of this committee have met, on July 29, 1959, with members of your committee, Mr. Chairman, on the matter of Public Law 480.

The presentation which we made at that time had essentially the same purpose at the presentation which we propose to make today; the committee wished to bring you up to date on the trends and directions of voluntary agency programs involving the use of Public Law 480 funds; they presented an account of the need for these foods around the world as experienced in their programs and recorded in brief some changes in stress and emphasis relating to that need as reflected in their programs. They requested above all favorable consideration and action on further extension of those provisions in the law relating to the period of its validity and appropriations for its implication.

In 1959, in recommending favorable action to extend Public Law 480, we "strongly urged that legislation enacted * * * make adequate and definite provision for long-term planning." Public Law 480 was subsequently amended by Public Law 87-128, approved August 8,

1961, to extend the validity of the law for a period of 3 years. Today we again urge that the law, expiring December 31, 1964, be amended to extend for a 5-year period, with appropriate financing to assure its implementation.

As many times in the past, members of the American Council of Voluntary Agencies for Foreign Service express their appreciation to the American people through their Congressmen for the opportunity to share with their Government in the utilization of these valued foods in their programs of assistance overseas through the food-for-peace program. Since 1950 when they received the first agricultural commodities under provisions of the Agricultural Act of 1949, the voluntary agencies have shipped over 7.5 million tons of these precious foods overseas for distribution through their programs of relief, assistance to refugees, self-help, and health services. The American voluntary agencies in fiscal year 1963 shipped under Public Law 480, 1,451,800 tons of food to approximately 90 countries. Among the recipients were 1,318,000 refugees and an estimated 55 million children; of the latter, some 31 million were schoolchildren in school lunch programs operated by American voluntary agencies.

The need for these foods continues. It should be noted that voluntary agencies are increasingly emphasizing the use of this food resource to assist the recipient communities to enhance their social, agricultural, and economic potential to the end that they may become eventually self-sustaining in the provision of an adequate food supply.

The goal of the agencies is now, as expressed by one agency representative, "to use the food resources in such a way as to leave with the recipients something more than just another day of life"—though there is certainly nothing wrong with that—indeed, food into plowshares.

In a deeply thoughtful article which appeared in the November issue of the periodical *This Day*, Ove R. Nielsen, chairman of the Food Resources Policy Committee of the American Council, described his visit to such a project in Korea. I quote it here in excerpt as an example:

Recently I rode in a battered taxicab from Kwangju in South Korea to Dae Duk Township some 35 miles away. It was a dusty, jolting ride requiring 3 hours of traveling along a rocky trail. Carl Hult, a Lutheran World Relief representative in South Korea, was eager for me to see the Dae Duk project, where 1,000 refugee families had almost completed the herculean task of reclaiming 3,000 acres of land from the Yellow Sea.

The land reclamation task would have been a relatively simple undertaking for a giant agency such as the Port of New York Authority with its vast resources of men, money, and heavy machinery.

For the refugees who had fled North Korea, it was another matter. They were virtually without material means, but they had a momentous asset—a leader with magnificent vision, in the person of Kim Hyung Suh. Trained as an engineer, he was one of 6 million refugees from North Korea. Most of these could not find jobs in South Korea, where there are 27 million people and the unemployment rate is 30 percent. South Korea, roughly the size of Indiana, can grow crops on only 20 percent of its land. The rest is barren hillsides * * *.

When * * * (we) finally arrived at Dae Duk, I was awed. I felt a sense of deep admiration and respect as I heard dynamite explode and saw stubborn rock blasted from the hillsides. After each series of blasts, throngs of men, women, and children scurried forth to gather up the pieces and deposit them in the mining cars. Then the cars were pushed by running men out to the farthest reaches of the dam, and the contents were dumped into the Yellow Sea * * *.

These refugees from North Korea had already given 500,000 man-days of labor without pay. The clothing they wore had been sent by Lutheran World Relief—only 20,000 pounds of it, to be sure, but all that they had * * *.

The dam has now been completed. The U.S. Government (through Church World Service and CARE) gave some food to the workers from its surplus agricultural stocks. The Korean Government also provided a little assistance. Churches in England and New Zealand through the World Council of Churches gave money for necessary cement and steel * * *.

Now the refugees are building fresh-water reservoirs in the hills above the reclaimed land. The fresh water will first be used to flush away the salty silt that has accumulated on the sea floor through countless centuries. Then the water will be used to irrigate the land.

Each of the families who work upon the Dae Duk project will be given 3 acres of land. That land will grow food to sustain its occupants. There will be enough land for a thousand families for perhaps a thousand years.

* * * More and more we are recognizing that Lutheran World Relief, while continuing to assist hungry multitudes who rightfully look to us for food, clothing, and medical supplies, should, to the extent (agency) resources can be made available, also address more of its attention to the basic factors which underlie the problems of hunger, inadequate shelter, and disease.

Feeding, clothing, and giving medical supplies become more meaningful if at the same time people are helped to provide for their future needs * * *. Such projects do not mean elimination of direct relief programs where they are needed, but they would supplant them wherever feasible in the interest of relieving basic causes of human misery.

Mr. POAGE. If I may interrupt, it has been the thought of the chairman that there was to be one witness for this group, but I find that there are more than one, and I do not want to fix a specific time, but could we ask them to limit their time, or to put their statements into the record.

Mr. FARLEY. Very well. And I might add that I personally visited this dam—this Dae Duk project in Korea last December, and I commend this entire statement to your personal attention and the members of the committee.

I have quoted this moving report in such detail because it is a fine example of the universally accepted trends of our member agencies in the present use of Public Law 480 foods.

Church World Service, for example, has stated that they are working in Jordan toward a more complete nutritionally balanced feeding program. Under the direction of a trained nutritionist all available resources are being coordinated. With a base of U.S. Government donated resources, the program includes education on and the development of enrichment processes of locally produced foods, plus the longer range program of increasing domestic food production of more diversified character to the end that the need for free food donation programs can be eliminated. U.S. Government-donated foods are also used there by Church World Service in community development projects that seek to better health facilities and to develop certain small industries that will provide for more employment.

CARE has advised that one of the ways in which it is using title II foods most effectively in promoting economic development occurs in the southern coastal regions of Iran, one of the most isolated and underdeveloped areas of the world. CARE is distributing Public Law 480 foods in a works project involving the construction of a 1,200 kilometer gravel-surfaced road which when completed will constitute the primary communications link between this region and the industrial sectors of Iran. The completion of the road will provide the means for economic advancement of the area by providing markets for local

resources and by opening the way for the Government of Iran to introduce improvements in housing, educational facilities, farming techniques, health and sanitation procedures, and medical assistance.

For the American Jewish Joint Distribution Committee, Public Law 480 foods represent assistance to welfare and rehabilitation programs in eight countries on three continents. While sizable numbers of family food packages are distributed, the chief beneficiaries are infants, children, and young people. In Morocco, for example, feeding programs in well-baby clinics and child-care institutions have helped to cut mortality rates; daily hot lunches are given in kindergartens, schools, vocational training schools, and other institutions which prepare children and young people for a useful future.

Catholic Relief Services, in cooperation with the Ministry of Agriculture of the Government of Peru, is utilizing Public Law 480 foods in a reforestation program whose immediate and long-term objectives are, respectively, to provide gainful employment and increased food consumption for families whose living conditions are substandard and to promote economic development by putting into production through a tree planting program nonproductive areas owned by indigenous communities.

Approximately 6,250 acres of forest plantation will be established in two Peruvian departments by planting an estimated 12.5 million eucalyptus trees on nonagricultural land.

During the first phase of this program an estimated 1,200 workers will be engaged in establishing nurseries and collecting seed, and preparing and digging planting sites for the next planting period.

Representatives of voluntary agencies present here today are prepared to enlarge upon this aspect of their programs following this presentation. These brief comments describe a few of the hundreds of such projects supported throughout the world by these agencies.

This growing trend in voluntary agency programing with Public Law 480 food as an invaluable resource reflects the convictions of many Americans concerning the use of American agricultural abundance and productivity as a blessing rather than a burden. It reflects also the bold outlines of the worldwide freedom-from-hunger campaign and contributes to its goals.

Programs of direct food distribution such as the voluntary agencies carried on in the early years of Public Law 480 availability are relatively costly, in funds and in personnel. The new and more effective programs of food distribution with their added complements of education, rural development, and health building require far greater flexibility in the use of American resources under Public Law 480 than was necessary for earlier programs.

We urge that in addition to the 5-year extension already suggested, members of the House Committee on Agriculture will review Public Law 480 with the thought to provide the greatest possible facilitation to the voluntary agencies in pursuing these programs.

I cannot conclude, Mr. Chairman, without stating once again the gratitude which the member agencies of the American Council feel in being privileged to participate in this creative partnership of government and peoples on behalf of the worldwide struggle against hunger; a partnership between American voluntary agencies and their Government, between the people of the United States through their

agencies and the people in need overseas, and between the American voluntary agencies and their counterparts—voluntary groupings developing now in many oversea countries to contribute significantly to the goal of freedom from hunger.

Thank you.

Mr. POAGE. Thank you very much. I know that some of your other workers want to make statements.

Mr. FARLEY. Some of them, I think, do who are listed. Others are present only.

Mr. POAGE. We will be glad to hear from the others who care to make statements. Do you care to introduce the group? I have the names of Melvin Myers, Dr. Paul C. Empie, Mr. Gordon Alderfer, and Msgr. John McCarthy.

Mr. FARLEY. I would rather leave that discretion to you, Mr. Chairman.

Mr. POAGE. Do any of those care to make statements? We will be glad to hear from them now, if they do.

STATEMENT OF MELVIN MYERS, DIRECTOR, MATERIAL RESOURCES AND SERVICES, CHURCH WORLD SERVICE

Mr. MYERS. Mr. Chairman and members of the committee, I think that my statement will be brief enough, Mr. Chairman.

My name is Melvin Myers. I am the director of material resources and services of Church World Service, the oversea relief and rehabilitation agency of the National Council of Churches of Christ in the United States of America, with headquarters at 475 Riverside Drive, New York City. Church World Service is a facility of 34 constituent denominations comprising 35 million members whereby they express their Christian concern for those in need overseas, wherever and whoever they may be.

We have been grateful over the past decade for the opportunity of using Government food resources under Public Law 480 to expand the long existent relief programs of the churches. This has involved more than 2 billion pounds of commodities in these 10 years. In tonnage it has far overshadowed our own commodity collection facility which nevertheless supplements this larger program in two important ways: first by providing the nutrient values and high protein foods presently not available under Public Law 480, and, second, by providing food to those not eligible.

In 1963, Church World Service was involved in programs of relief and rehabilitation in 46 countries. In 28 of these, Public Law 480 commodities constituted a large part of the program, involving shipment of 147,000 tons having a commodity value of \$16.5 million. This represented 56.7 percent of the total value of relief and rehabilitation supplies shipped by Church World Service in the year.

Additionally, 62,000 tons of food-for-peace commodities, valued at \$5 million, was shipped by the Agency for International Development for distribution in Algeria by our counterpart agency in a title II food-for-work reforestation project.

These commodity distribution programs touch the lives of millions of individuals in these several ways:

In a major disaster our immediately available food, clothing, and medicaments often provide the first measures of relief to a stricken

people. These feeble efforts are almost instantly overshadowed by the prompt, welcome, and vast response of this and other governments. We continue our service by reaching those overlooked in these large-scale operations, and by remaining to help in rehabilitation. Today, teams of volunteers are helping Haitians rebuild villages shattered by recent hurricanes.

Because of these ongoing programs in many countries, we meet emergencies and disasters too small to move governmental machinery and which raise only passing notice in the press. With the aid of Public Law 480 commodities we are able to move in quickly with available supplies, diverting commodities from neighboring countries when necessary. In one African country where floods made thousands homeless, these foods were transported in cooperation with the Air Ministry even before existence of the floods was formally recognized.

A third way in which these commodities are used is in the regular ongoing program to meet hunger and malnutrition wherever it exists and more particularly among the children, the ill, the aged, and those made homeless and often friendless by manmade situations as in the tribal difficulties in Africa. Public Law 480 commodities form the bulk and the basis for this type of feeding.

Thousands find sustenance in these commodities while they seek their own self-sufficiency in rehabilitation projects, by building roads, planting trees, making fishing nets, or clearing wells. In the Algerian reforestation project 95,000 heads of families receive these commodities in part payment of their work.

This commodity program affords the people of the United States, especially those associated with our constituent denominations, a channel for the tangible expression of humanitarian concern. Their response to the SOS appeal supports the administrative machinery for the distribution of these commodities. It is significant that during the past year the meaning SOS was changed from share our surplus to share our substance.

The question in which all of us are interested, Mr. Chairman, is how we can do a better, more constructive, more effective job with the help of the U.S. Government.

First, a multiyear extension of titles I and II of Public Law 480 will permit all the parties concerned to do long-range planning and programming. Along with this extension is required sufficient funds to enable the U.S. Government agencies involved to accomplish the tasks in which we are mutually engaged.

Second, it has been suggested that charges—properly called contributions—for general average insurance arising out of the ocean transport of commodities should be assumed on title III commodities as is now the case of title II. These charges are now paid by Church World Service. They are not burdensome, but they are sizable; the funds so saved will be utilized in the commodity distribution program.

Third, increasing attention should be given to the use of mutual resources as this commodity program moves into more sophisticated areas of usefulness and hopefully away from a straight feeding program. These new areas, requiring hard programming of all resources, include the food-for-work projects, the use of local agricultural products and capabilities to upgrade the nutritional value of these basic commodities, and the education of our oversea brothers in the proper use of foods which in many cases are unfamiliar.

Finally, Mr. Chairman, these commodities are a most valuable resource. They are a means to an end. We use them, together with all the other resources at our command, to press forward our programs of rehabilitation and self-help. Until the need for food no longer exists, Public Law 480 will be the extinguisher of the raging fires of hunger.

I thank you.

Mr. POAGE. Thank you, Mr. Myers. Let me state that those who do not read their entire statements may have the complete statements made a part of the record.

We will now hear from Dr. Paul C. Empie, of Lutheran World Relief. We will be pleased to hear from you now, Dr. Empie.

STATEMENT OF PAUL C. EMPIE, EXECUTIVE DIRECTOR, NATIONAL LUTHERAN COUNCIL, REPRESENTING LUTHERAN WORLD RELIEF; ACCOMPANIED BY OVE R. NIELSEN, LUTHERAN WORLD RELIEF

Mr. EMPIE. My name is Paul C. Empie. My office is in New York City. I am the executive director of the National Lutheran Council which is a joint agency of the American Lutheran Church and the Lutheran Church in America. My appearance today, however, is as an officer of Lutheran World Relief, a corporation which gathers and distributes material oversea relief supplies and engages in other projects of social service and economic development. This organization is supported not only by the two church bodies mentioned before, but also by the Lutheran Church—Missouri Synod and other Lutheran groups in this country. The combined membership of these church bodies in the United States is in excess of 8½ million souls. Since its organization in 1945 Lutheran World Relief has shipped abroad to 41 countries commodities valued at more than \$152,500,000, about 54 percent of which have been donated by the U.S. Government.

My presence here today on behalf of my colleagues in Lutheran World Relief is related to the information that new legislation may be enacted with respect to the scope of and procedures for the distribution of U.S. surplus commodities under Public Law 480. Such a step seems to us to call for thoughtful study, looking at the total matter in long-range perspective. Since this hearing may be considered a contribution toward such a study we respectfully submit our point of view and concerns, which are based upon nearly 20 years of experience in this field.

Five years ago at a similar hearing I voiced some reservations of Lutheran World Relief about the trend which seems to be developing in the course of this operation, especially with regard to its implications for the role of voluntary agencies in their relationships to Government. I made it plain at that time, and wish to reiterate now, that we of Lutheran World Relief share with fellow Americans to the fullest extent a deep sympathy for the world's needy and the desire to help them. In emergency situations where human lives have been at stake Lutheran World Relief has opened up its channels for the shipment of supplies from sources other than its own constituencies when its services have been needed; in such circumstances it has per-

mitted the primary concern for saving lives to override its uneasiness over possible long-range effects of such involvements. This is its position today. However, in the course of the present study it is of central importance to underscore the fact that by and large the problems which confront us currently are not those of emergency situations but rather of long-range endemic need. Most persons now receiving Government surplus foods are not starving to death. Such commodities either supplement their subsistence rations, to help build up bodily vitality and health over longer periods of time, or are used in self-help projects. This type of assistance in areas of chronic need has been going on for a long time and will continue for many years to come. Voluntary agencies, and especially those of a religious character, recognize their obligations in situations of endemic need and are attempting to persuade their constituencies that they have as much a responsibility to help prevent suffering as they have to alleviate it after it has appeared. But in long-range perspective it seems to us that a satisfactory answer has not been given to the question: Is it best or even wise to increase the scope of the involvement of voluntary agencies in the use of Government resources for serving areas of endemic need?

We believe that it is especially urgent that concentrated attention be focused upon this issue since we have been informed that there is desire by some to write into this new legislation a provision whereby U.S. Government owned foreign currencies can be programed abroad by U.S. voluntary agencies much as food is being programed now, under title III of Public Law 480. Such a provision would have the effect of removing what we believe to be the healthy current limitation which exists by virtue of the necessity for voluntary agencies to draw upon their own resources for the cash requirements of distributing Government commodities overseas. We believe that this is a "healthy" limitation for the following reasons:

1. It is a temptation to any agency in its zeal for its goals to overreach itself and to undertake more than it can administer effectively. The use of "soft currencies" contributed by Government would enable voluntary agencies to mushroom their programs out of proportion to their own resources and beyond the point of manageability. Our experience has convinced us that the unique value of voluntary agencies reside in, and their reputation for integrity depends on, involvement of an adequate number of competent persons truly representing their constituencies, to witness by their presence and their responsible actions that spirit of constructive brotherhood which the organizations desire to demonstrate. To have available cash and commodities for large-scale programs in which this balance is upset not only can be harmful to the agencies themselves, but can result in a higher percentage of wastage in the use of the commodities. Some years ago Lutheran World Relief was the first agency to raise serious questions about one of the major areas overseas where voluntary agencies were distributing Government surplus commodities and to request a Government audit to ascertain whether or not these apprehensions were based in fact. We are under the impression that this and similar audits in other areas confirmed our fears all too well. This committee might find an examination of them useful in the course of its study.

2. We further believe that it is a wise limitation because it protects the "voluntary" character of the agencies, particularly those of a religious nature. Some of them may retort that this is a protection they neither need nor want. We cast no aspersions on their integrity; we simply assert that, when dealing with religious agencies, Government policy should take into account the fact that their overriding religious motivations and objectives encompass their "humanitarian" activities, and therefore such policy should not facilitate a mushrooming of situations in which the actual though not deliberate result of the distribution of relief commodities provided by the U.S. taxpayers is to build up the prestige and frequently to further the evangelistic efforts of religious groups.

It must be conceded that to some extent this effect is inevitable. When Lutheran World Relief distributes commodities in an area where Lutheran missions are at work it is both natural and unavoidable that grateful people will be influenced thereby when Lutheran mission personnel confront them with the gospel of Jesus Christ. To be scrupulously honest, we have made strong efforts to publicize locally the source of Government commodities and by publishing in open reports the amounts received from this source, for all to see. We had felt that Lutheran World Relief was not compromising its character as a religious agency as long as, in good faith, it could incorporate Government commodities, made available without political or other strings attached, in what would continue to be its own program. But when the proportion of receipts from Government sources exceeded 50 percent of the total, Lutheran World Relief began to question whether or not it could continue to claim the program as its own. One can't be sure just where to draw the line but there ought to be a border zone defined somewhere. Perhaps the character of religious and other voluntary agencies could best be protected if some kind of matching basis were established such as that which obtains with respect to grants and loans to denominational colleges and universities.

3. This limitation also seems healthy because it helps to underscore the necessity that voluntary agencies—and especially religious agencies—be neither in fact, nor in the estimate of the public, instruments of Government. At the hearing referred to above it was stated by a member of the committee that a motive for distributing Government surplus commodities through voluntary agencies was to save money for the taxpayers since the agencies could do the job more cheaply. It was further indicated, without being stated in these precise words, that Government could (1) capitalize on the goodwill which voluntary agencies have abroad (2) fulfill more effectively thereby its world peace objectives through the people-to-people concept, and (3) achieve its purposes in this manner without the necessity of dealing officially with Governments or organizations in the area concerned. In such matters, what may be good for Government may not be good for the agencies. We are convinced that the ever-closer identification of voluntary agencies with Government, which would seem to be the automatic outcome of deepening the involvement of voluntary agencies with Government by the use of U.S.-owned foreign currencies, may work to the eventual loss for both parties.

Agencies in the program of which the proportion of distributed goods from Government sources is already high are especially vulnerable. The committee might find it useful to take a closer look at this

particular point. We have not been able to secure complete statistics but have reason to believe that the 54 percent figure for Lutheran World Relief, cited above, is among the lower ones. We are under the impression that there are some of the smaller agencies which, without Government commodities or contracts, virtually would be out of business. A rejoinder might well be made that this is their affair, not ours. Yet it seems obvious that such organizations cannot but be regarded as thinly veiled instruments of Government; when anti-U.S. feelings erupt in various parts of the world all U.S. voluntary agencies get tarred with the same stick. This is neither in the interests of the U.S. Government nor in the interests of the agencies themselves. It ought to be unmistakably clear that no voluntary agency is an instrument of Government and the criteria according to which this statement can be affirmed should be known. The great virtue of voluntary agencies has been the confidence they have engendered because their resources result from the spontaneous generosity and sacrificial giving of individuals in their constituencies. Our country has been tremendously blessed by this tradition, and a thoughtful Government will take all possible measures to preserve it.

Permit me to state again that I am raising the issues of means, not ends. Lutheran World Relief yields to no agency in its concern for the end in view; namely, to alleviate human suffering and to help those in need to help themselves. In the hearing of 5 years ago, mentioned above, a colleague from another agency whispered to me at the conclusion of my testimony, "If you Lutherans have scruples about accepting large quantities of commodities from Government, you don't have to take them; but why do you want to prevent the rest of us from receiving them when we see no compromise of our principles by doing so?" We know that not all agree with our position and that we will be regarded by some as a "dog-in-the-manger" in stating it. But the matter is not that simple, especially where religious agencies are involved. To have each go his own way and undermine equitable relationships of government with all agencies would inevitably intensify sectarian tensions. A glance at the proportions Government resources bear to the total programs of some of the larger voluntary agencies as reported by them to the Advisory Committee on Voluntary Foreign Aid is illuminating in this connection:

Calendar year 1962

Agency	Agency cash expenditure	U.S. Government ocean freight reimbursements	U.S. Government surplus foods	Other relief supplies	Government resources (percent)
AJJDC-----	\$28,797,200	\$358,124	\$1,406,159	-----	5.8
CRS-----	5,097,546	27,506,156	103,905,884	\$22,974,202	82
CWS-----	5,616,462	6,450,189	22,971,673	6,423,429	71
CARE-----	9,756,656	12,129,164	42,160,794	672,413	84
LWR-----	807,250	1,542,410	4,215,532	5,741,758	47

These five agencies shipped 98.15 percent of Government surplus foods received by all voluntary agencies in 1962. The breakdown is as follows:

	Percent		Percent
AJJDC-----	0.79	CARE-----	23.69
CRS-----	58.40	LWR-----	2.36
CWS-----	12.91		

From the stateside viewpoint, we do not suggest that the "equitable relationships of government" mentioned above require that grants to all agencies be cut back according to a "least common denominator" of terminating its support of a large family-feeding operation in a by itself cannot be the basis for Government policy. The facts of life are that at the local level overseas no U.S. agency is able to exert more than partial control over what transpires in the processes of distribution. Some time ago Lutheran World Relief declared its intention of terminating its support of a large family-feeding operation in a certain area overseas because of widespread abuses and violations of LWR as well as Government regulations for the distribution of surplus commodities. Some of our group who opposed this withdrawal were quick to point out that it would place Lutheran missions in that area at a great disadvantage. It was said that competitors could and would indicate that stoppage of relief distribution there by LWR proved that Lutherans were not really concerned about the suffering of others, while they—the competitors—demonstrated by their deeds how much more love they had for their fellow men than certain other people. Nevertheless, we terminated our support of the project, while other agencies continued.

Enlarging the scope of voluntary agency involvement by making available to them U.S.-owned foreign currencies would certainly aggravate this problem. One can put a label with the words "Gift of the American people" on food packages but such a label can hardly be pinned to the forehead of employees or be made prominent in the variety of uses in the distribution of commodities or in other projects toward which the funds would be applied. The prestige value to a religious agency of a large-scale relief program is enormous; it is naive not to recognize this or to suggest that it is a negligible or a trivial factor, so incidental as to be not worthy of consideration.

Nevertheless, in emergency situations where it is clear that government use of the channels of voluntary agencies for relief is an urgent requirement, we would waive this particular concern. At this hearing, however, we raise the question whether or not in fact another and a better way for making its surplus commodities available overseas in situations of endemic need, may be used by the U.S. Government. We believe that in the long run, responsibility for meeting the needs of its undernourished and ill-housed citizens rests primarily with each government, and that the United States should make every effort to assist governments in developing responsible procedures to cope with problems of endemic need.

The underlying assumption upon which the promotion of a wider role for voluntary agencies in this matter is based is that in most if not all of the lands concerned the governments are incapable of organizing effective relief distribution programs or that graft and corruption are so deeply ingrained in their national life that our Government could not be assured that the commodities would reach the persons who need them most. This allegation, which has been made frequently in our presence, Lutheran World Relief rejects as a generalization which is insulting to the peoples concerned, harmful to U.S. relations with their countries, not in the best interests of either donor or recipient land, and dangerously misleading as a guide to future policy. Of course, there is a certain amount of graft and corruption everywhere, including our own beloved country; there is also a small degree of

it in the programs of the voluntary agencies, though quite contrary to their wishes and beyond their control. Competent and responsible administrative procedures in this field is developed only in the course of experience, for which most receiving countries have had little if any opportunity in the past. We believe that the U.S. Government, which organized the brilliantly successful Peace Corps, would do well to engage here in long-range planning, making available to the governments concerned experts in social welfare who will help them to establish pilot projects for relief distribution and self-help projects. Such governments will then be better prepared to foster the development of indigenous voluntary agencies which can carry on the work effectively and responsibly in the future. Toward this end Lutheran World Relief and Church World Service cooperated with the Red Cross of Yugoslavia in a school-feeding pilot project and is currently bringing it to a successful conclusion.

Other governments are not stupid. They are aware of the allegations mentioned above and surely resent any step which our Government may seem to take in support of these charges. Furthermore, in some quarters at least there are questions raised about possible ulterior motives possessed by a country of a predominantly Christian tradition which chooses to use religious agencies in assisting lands where competing religious ideologies prevail.

Without criticizing anyone for the record of the past and, indeed, applauding both Government and the agencies for what has been accomplished in partnership, Lutheran World Relief steadfastly holds to the point of view that the trend toward increased identification of Government with the voluntary agency programs should be halted in the interest of bringing back into sharp focus the now blurred line of distinction between the respective roles of private and public agencies, and strengthening each in the process.

Mr. Chairman, to make it quite clear that this statement is intended to be constructive, not negative, permit me to summarize our position in the following three points:

(1) Lutheran World Relief joins wholeheartedly with its colleagues in the American Council of Voluntary Agencies for Foreign Service in expressing—

appreciation to the American people through their Congressmen for the opportunity to share with their Government in the utilization of these valued foods in their program of assistance overseas through the food-for-peace program.

Countless lives in many lands have been blessed thereby and the net results have been positive.

(2) Lutheran World Relief, while recognizing certain inevitable ambiguities inherent in use of Government commodities by voluntary agencies, is ready to continue such use on the present basis, as long as it does not result in an unbalanced program, but rather one which can honestly be termed its own as over against one in which it actually would be serving as an instrument of Government. It believes that the latter characterization would become virtually unavoidable should substantially more than half of its relief supplies come from Government sources. It would be even more vulnerable should Government funds, not easily identifiable, serve to make its outreach through food distribution and special projects mainly dependent upon such grants and thus identify it more closely with Government and its policies.

(3) Lutheran World Relief holds the strong conviction that the United States should intensify its food-for-peace program on a non-political basis; that Government should institute plans whereby recipient countries may be assisted in developing indigenous welfare agencies, public and private, which can effectively utilize local as well as U.S. gifts to meet emergency and endemic needs; and that U.S. voluntary agencies should continue to supplement such efforts by undertaking small-scale pilot projects where these are needed and desired, financing such projects in proper proportion with gifts from their respective constituencies.

Thank you.

Mr. POAGE. Thank you very much, Dr. Empie.

Dr. EMPIE. Thank you.

Mr. POAGE. And now we will hear from Gordon Alderfer.

STATEMENT OF E. G. ALDERFER, ASSISTANT EXECUTIVE DIRECTOR OF CARE

Mr. ALDERFER. My name is E. G. Alderfer, assistant executive director of CARE, representing on this occasion Frank L. Goffio, executive Director, and the CARE Board composed of representatives from 26 national member agencies of CARE.

In presenting our testimony concerning Public Law 480, the CARE organization is glad to concur in the testimony presented by Mr. Farley on behalf of the American Council of Voluntary Agencies for Foreign Service, with which CARE is affiliated.

CARE's experience in the overseas distribution of U.S. Government-owned foodstocks dates back to 1950. In that year, following congressional provisions made late in 1949, CARE first evolved its food crusade programs. The food crusade, which continues in operation in various poverty-stricken areas of the world today, is supported by literally millions of American voluntary donors whose contributions pay the costs of packing, processing, distributing, administering the use of Government-donated commodities, and occasionally purchasing additional commodities to fit local diet habits and needs. With the passage of Public Law 480 in 1954 a significant additional support for such programs came with the provision of ocean freight reimbursement by the U.S. Government through its overseas operating agency. Since then CARE has also been led to participate heavily in the development of major institutional and school feeding programs. These represent a second dimension of use of Public Law 480 commodities, known as CARE partnership programs, wherein host governments capable of doing so share in the local costs of administration and distribution and thus adopt an increasing load of responsibilities for the welfare of their own institutions. We believe this represents a significant step forward in the self-help process which uses American farm abundance for the creative development of local institutions in developing countries.

By July 1963 CARE had been the medium for distributing over 3 billion pounds of U.S. Government-owned commodities to 55 countries in very serious need of nutritional support. In fiscal year 1963 some 860 million pounds of these commodities under the provisions of title III of Public Law 480 and nearly 90 million pounds under title II reached about 27,500,000 hungry people in 36 developing

countries through the mechanism of CARE. Included among these recipients were more than 19 million schoolchildren—many of whom were able to enter or remain in school primarily because of this resource from the United States. CARE's current fiscal 1964 food program, the largest in its history, plans for a distribution of 1,250 million pounds of commodities to an estimated 35 million recipients in 38 countries around the world.

The CARE organization is honored to have been a part of this remarkably creative process—and it deeply appreciates the thoughtful cooperation of the several agencies of the U.S. Government in the assessment of such programs, the provision of ocean freight reimbursement, and the provision of the commodities themselves from the abundance of America. We believe that this law that has made such programs possible has been, and hopefully will continue to be, a keystone in the decade of development and a foundation stone of international good will.

It should be clearly understood, however, that CARE does not regard its role in the development process as completed with participation in Public Law 480 programs alone. It feels a responsibility for adding to that great resource other facilities and equipments, paid for by American donors, through its self-help and medico programs. Much of this assistance is designed to support, directly or indirectly, those communities and institutions that benefit from American farm productivity. This may take the form of providing food preparation and preservation equipment, the building of school kitchens, the provision of equipment to improve local water supplies and to safeguard public health, the development of projects and the supplying of tools for increasing local food production through school gardens and cooperative activity and for vocational training to broaden the base of local economic activity. These and other additional efforts and supplies are financed entirely by private voluntary contributions, with the exception of ocean freight reimbursement.

The main bulk of this work has been made possible by carefully planned use of commodities made available under title III. However, title II, section 202, which permits voluntary agencies to use commodities as payment of local labor wages on certain publicly useful and needed projects for the general welfare, has in our view greatly expanded and deepened the potential of Public Law 480. Since 1962 CARE has undertaken or is currently engaged in eight title II programs in Ecuador, Costa Rico, Iran, Hong Kong, Korea, and the Philippines. One of the two Iran programs, for example, involves the construction of what will become a 1,200 kilometer road that will link together one of the most neglected and poorest sections of the Middle East—the southern ports and Isles area—and give it access for the first time in history to major markets and industrial sectors. The other title II CARE Iran program is being applied to relief work projects in drought-stricken areas throughout the country, and is creating new roads, canals, schools, water supplies, et cetera. Such projects involve also a substantial investment by the host country in major equipment and administration. The partnership principle in such cases is clearly at work in significant ways.

The same principle is at work in those areas where CARE administers locally rural and urban community development projects for the U.S. Peace Corps, or otherwise supports the work of Peace Corps

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volunteers. The new CARE-Peace Corps project in Guatemala, for example, is directly engaged in construction and other activities to improve the facilities of rural schools where CARE Public Law 480 distributions provide a base for development. The participation of Peace Corps volunteers in food-based school improvement programs is one more significant illustration of the productive interrelationships that can and do multiply the effect of Public Law 480.

Indeed, many dimensions of the whole development job which CARE and other agencies are endeavoring to undertake on the foundation provided by Public Law 480 are still to be more fully explored. In the years ahead efforts must be made to develop additional instruments for enriching and enlarging rural life in underdeveloped areas on which world food adequacy depends. In addition to further extension of title II projects and of interrelationships between local-level technical assistance such as the Peace Corps and the operation of food programs, CARE has a particular interest in deepening the character of oversea programs related to the Public Law 480 base in the following directions:

(1) Diet and health improvement through such instrumentalities as the medico branch of CARE, whose team operations are centered in hospitals, and through the additional programing of supplies for improving local health facilities. We should like to look forward to the day when local currencies earned from the sale of title I commodities can also be used in making professional medical and health services and equipment more available to schools and institutions using Public Law 480 commodities through voluntary agencies.

(1) Education services ranging from simple equipment and classroom supplies to more sophisticated services and vocational training equipment. As the development of major school feeding programs proceed, the upgrading of the local school as the principal institution for development could be aided significantly if local currencies accrued from the sale of Public Law 480 commodities could be applied through the voluntary agency to extending such service and equipment.

(3) Food program technology calling for the design and adaptation of simple but efficient devices for school and institutional food preparation, storage, and serving; preservation and canning of local food production; and the continued introduction of better tools, seeds, and small livestock for the small landholders. We regard such activities as an integral part of the larger pattern based upon Public Law 480 programs. CARE has encouraged and worked with several scientific and industry groups on special technological phases of these activities, and we should like to hope that Public Law 480, through the extension of the use of earned local currencies, could support such related activities of the nongovernmental agency at work in the field.

Two other suggestions to the committee occur to us which are based on practical experience in the operation of both title II and title III programs. In regard to title II and its dramatic stimulus to the development process in numerous areas, we suggest that the use of title II provisions could gain increased flexibility and applicability if the law could provide for the payment of local labor not only in food commodities but, under carefully controlled and modest circumstances, in money also where the laborer lives in an urban money economy. In regard to title III, significant and desperately needed feeding programs are sometimes limited by the capacity and ability

of the host government or the administering agency to provide the necessary local financial support. When such support is clearly not possible through the host government, we suggest that loan agreements under title I be extended to the host government if such feeding programs are vital to the stability and growth of that country.

In closing, we hope this testimony of the CARE organization may be useful, valid, and a further evidence of the outreach and high intent of the family of voluntary agencies participating with their Government in the kind of development that adds to the peace and security of our world.

Mr. POAGE. Thank you, Mr. Alderfer. Now we will hear from Monsignor John F. McCarthy, assistant executive director of the Catholic Relief Service-National Catholic Welfare Conference. We are running far beyond the time that we contemplated. I thought that this was one appearance. This list shows it as one appearance. Actually, it is developing that we are spending a good deal more time on this than on all the previous testimony. I do not blame anyone. It is vitally important, but we must recognize that there are those who are waiting to be heard, too, who feel that they should be heard. We will hear from you at this time, Monsignor McCarthy.

STATEMENT OF RT. REV. MSGR. JOHN F. MCCARTHY, ASSISTANT EXECUTIVE DIRECTOR, CATHOLIC RELIEF SERVICES AND NATIONAL CATHOLIC WELFARE CONFERENCE; ACCOMPANIED BY EDWARD M. KINNEY, DIRECTOR OF PURCHASING AND SHIPPING; JAMES J. NORRIS, ASSISTANT TO THE EXECUTIVE DIRECTOR; AND MSGR. JOSEPH HARNETT, DIRECTOR, FAR EAST REGION

Monsignor MCCARTHY. Mr. Chairman and members of the committee. I am Msgr. John F. McCarthy, assistant executive director of Catholic Relief Services and the National Catholic Welfare Conference, the oversea relief and assistance organization to which American Catholics yearly contribute millions of dollars and large quantities of materials to relieve suffering abroad among hungry, diseaseridden, and poverty-stricken people of whatever race, color, or creed.

The one and abiding purpose of Catholic Relief Services, National Catholic Welfare Conference, is the relief of need. This is its prime function, to seek out and serve the needy with every resource available.

I have several of my associates on the staff of the Catholic Relief Services with me. On my right is Msgr. Joseph Harnett, who is our director in Asia and the Far East, Mr. Edward M. Kinney and Mr. James J. Norris. Bishop Swanstrom is sorry that it was not possible for him to be present at the hearings today, and sends his regards and gratitude to this committee.

Currently, there is being distributed abroad annually through Catholic Relief Services-NCWC slightly in excess of 1 million tons of assistance material—food, clothing, medicines, and other supplies of every nature necessary to the carrying on of these programs, ranging in diversity from safety pins to delivery trucks.

Among the various types of programs which we carry on in conjunction with indigenous counterpart and other allied organizations abroad, are widespread individual food distributions, school feeding programs and self-help projects to improve housing, sanitation, health,

et cetera, among the vast numbers of the poverty stricken and underprivileged among whom we work.

We carried on in 1963 operations of relief and assistance in 70 countries. We reached approximately 40 million needy persons. In this work, we utilize the staff services of 691 persons, 165 in America, and 526 abroad. With your permission, I would like to leave with you a few copies of a pamphlet graphically setting forth the extent and scope of Catholic Relief Services-NCWC programs.

It shows as of September 30, 1963, more than 7½ million children being aided in school-lunch programs, and 17 million persons helped through family-feeding distributions of U.S. surplus foods. In addition, our agency, through clothing distributions, its medical programs and its self-help projects reaches an estimated additional 15½ million needy persons.

I am deeply grateful to this subcommittee for the opportunity today to present this testimony bearing upon the consideration of the revision and extension of Public Law 480, under which Catholic Relief Services-NCWC has been able, since 1954, to distribute abroad on behalf of all of the people of the United States, 10.3 billion pounds of food stuffs from the warehouses of American abundance.

In using the commodities and resources under this act, and all others available to us, we always have and always will seek to meet need wherever it exists, whether resulting from war, disaster, endemic poverty, disease or underprivilege.

We always have and always will work unceasingly to not only alleviate need, but to improve the situation of the needy without regard to race, color, and creed, in every way possible.

This is our purpose in being. Not only is this our responsibility as a voluntary agency with religious precepts, it is also the responsibility of every American, because need is the common enemy to everything Americans have achieved or hope to achieve. It is the enemy of democracy. It is the enemy of peace among men of good will. It is the enemy of health and hope and opportunity.

May I, at this time, as I have before, express the gratitude of Catholic Relief Services-NCWC and commend the Congress for having created and continued in force Public Law 480. Under it we have tried and will continue to try to make the widest and wisest possible use of the abundance of American agricultural production.

Through our food programs abroad, we utilize approximately 1½ billion pounds of American surplus commodities annually. In doing so, we believe that we carry out the highest ideals of our own organization and that we serve in great measure the overall interests of the American people. We are extremely proud that in this use we not only carry out our religious responsibility, but that—in perfect compatibility—we also serve our country.

The only limit to our use of these foods and resources so generously offered by the American people through their Government in support of the war against hunger, has been and will continue to be only the limit of our strength and resources.

An allwise providence, working through the efficiency of American agriculture, has created a great and continuing American abundance of the resource most essential to success in mankind's struggle against need. Our duty, therefore, all of us working together, is to make the

widest and best use of this resource. To do less, for whatever reason, would be unthinkable.

Year by year, as the opportunity for service in this field has continued, millions of American Catholics have generously and increasingly supported our work by their contributions. We are confident they will continue to do so in an ever expanding way.

Today I ask the gentleman of this subcommittee to help us further in discharging the stewardship of our abundance.

First, I urge that you recommend to the Congress that Public Law 480 be extended for as long a period as is consistent with good judgment. It is my understanding that the Secretary of Agriculture has suggested an extension of 5 years. Such an extension, in my opinion, would be extremely valuable in the interest of good programing and effective operation.

Second, we endorse the Secretary's recommendation for the increase of resources under section 203 from \$300 million to \$500 million annually. Through the years, many new needs have emerged and many new opportunities have arisen to more effectively use our American abundance in the common interest of peace and democracy. These extensions of service require extension of resources.

Third, and in similar regard, we strongly urge adoption of an amendment to section 203 to provide foreign currencies to meet costs of assuring that title II and title III commodities may more effectively carry out the purposes of the legislation and to promote community and other self-help activities designed to alleviate the causes of need. In order that they may be used in a palatable way in the areas where we are shipping them. Such an amendment, even with the proposed increase in section 203 funds, will be limited in scope of application, but it will mark a great step forward in the use of U.S. agricultural resources, particularly in pursuing and further exploring the definite relationship between food donation programs and economic and market development.

Because the underfed, the unhealthy and the unskilled can neither work well nor buy much, this relationship has long been obvious and has been clearly demonstrated by—

(a) School lunch programs that have brought more children into the classroom, kept them more alert and receptive to instruction, and increased their potential as productive adults;

(b) Food-for-work programs of community development that have created facilities for better agriculture and marketing, better housing, and health, and better utilization of natural resources.

Experience in these and other community operations by voluntary agencies, by the Peace Corps and by international organizations argues for greater use of Public Law 480 resources in community level economic development, particularly in the areas mentioned earlier and in basic nutrition, housing, health and sanitation, literacy, rural development, and simple vocational training.

With this amendment providing the necessary fundamental tools and services, we can take additional steps ahead, at the grassroots, in partnership with the people of the United States and the people of the recipient countries, to realize the objectives of the investment in human beings, which is what Public Law 480 donations really are.

Through such programs, we can invest in dividend paying work

capacity, in physical health, and in knowledge and skills without which no national economic development program can succeed.

To be sure, the total resources of Public Law 480 alone could not accomplish this all over the world, but we can, through widespread pilot projects demonstrated at the individual level, encourage and stimulate similar action by the recipient peoples.

We can cast upon the waters the bread that can return to us many-fold. I believe that in many cases national and local governments might be successfully persuaded to take increasing shares in the costs of such programs, particularly from the resources generated by Public Law 480 foods. Also, contributions be permitted from individual recipients, as now is the case in many school lunch programs. It is important that people be helped to help themselves to the greatest feasible extent.

Fourth, we urge amendments to section 203 that would apply general average insurance, financing to title III as well as title II shipments. Removal of this present limitation—and there is some considerable question as to whether the Congress intended it—would release some \$400,000 of voluntary agencies' funds annually.

This amount, in extended program work, could not only dispose of great additional quantities of our foods, but could also materially advance the interest of the United States as expressed in the purposes of the act.

Fifth, and lastly, I would suggest that means be found by the Congress to urge that administration officials in the field be allowed more flexibility in guidance of operations that they presently enjoy.

In 1954, we were administering a mass of surplus food to a mass of hungry people. Today, we deal not with a mass, but with a multiplicity of individual groups, each with its own new and varying national ambitions and dignities and with new and varying needs—social, political, and economic. To meet the precise requirements of today's programs, each adapted to each locale, we need wider discretion at the country level.

The world in which we work cannot well be approached with a package-deal view. As Thomas Mann, new Alliance for Progress chief, was recently quoted in *Time* magazine:

Cultures, conditions, and problems vary from country to country, and exact conformity (in approach) is neither practical nor desirable.

He spoke of Latin America, but the words are equally true of Europe, Asia, and Africa.

Let me say that while I speak here for Catholic Relief Services-NCWC, I know I echo the expressed feelings of the vast majority of other voluntary agencies engaged with all of us in the oversea stewardship of America's abundance.

I thank the gentlemen of this subcommittee for their patience and courtesy in allowing me such freedom of time and expression here today. And, in closing, I congratulate and give great thanks to you and your colleagues in the Congress and to the many hundreds of persons involved in Government and in voluntary agencies and among our friends abroad—all of whom, by their vision, their sincerity and their labor are helping America and the rest of the free world through Public Law 480 to build a world that none of us a few short years ago, could have dreamed.

I thank you.

Mr. POAGE. We have a statement submitted by Hadassah for inclusion in the record and without objection, it will be placed in the record at this point.

(The Hadassah statement follows:)

STATEMENT OF HADASSAH, THE WOMEN'S ZIONIST ORGANIZATION OF AMERICA, INC.

Hadassah, the Women's Zionist Organization of America, representing over 300,000 American Jewish women throughout the United States, associates itself with the statement of the American Council of Voluntary Agencies for Foreign Service, Inc., recognizing that the provisions of Public Law 480 provide a great opportunity for the development of an image of the United States as a country sharing its abundance, helping those in developing countries to enlarge their own self-development, and assisting in the provision of a background wherein all people may build their lives in dignity in a world wherein freedom includes freedom from hunger and want.

Mr. POAGE. Thank you very much, Monsignor McCarthy. That completes the statements of the voluntary agencies. I want to say with no criticism of anyone concerned that the committee through its own inadvertence has spent more than an hour on what I had listed as one witness. Obviously, this will disrupt our schedule. It is no fault of any of you who have been ready and are ready to appear. We listed this as only one appearance. Actually, it took us over an hour.

That will, of necessity, mean that we shall proceed without engaging in any questions. If it is all right with the committee we will proceed then with Mr. Gaines whom I called a while ago and whom we asked to make way for the voluntary organizations. We will ask you to make it as short as you can, Mr. Gaines. We will be glad to hear from you now.

**STATEMENT OF JAMES P. GAINES, EXECUTIVE VICE PRESIDENT,
THE RICE MILLERS' ASSOCIATION, WASHINGTON, D.C.**

Mr. GAINES. Mr. Chairman and members of the committee, my name is James P. Gaines. I am executive vice president of the Rice Millers' Association. Headquarters of the Rice Millers' Association is located at 425 13th Street NW., 1048 Pennsylvania Building, Washington, D.C. Branch offices are maintained in San Juan, Puerto Rico and in Brussels, Belgium. The Rice Millers' Association is a trade organization of the Nation's rice milling industry. Membership is composed of ricegrower cooperatives and independent rice mills. Approximately one-third of the business of the membership is handled by ricegrower cooperatives.

While I can speak only for the Rice Millers' Association, I am sure that all the rice industry is interested in the subject of this committee's deliberations; namely, extension of Public Law 480. We heartily agree with President Johnson's recommendations that the act be extended for an additional 5 years. Public Law 480 has been a success by almost any yardstick by which it is measured.

It has reduced surpluses of agricultural commodities. It has, in fact, enabled all the rice surplus to be wiped out. There is, at present, only a nominal amount of rice for CCC inventory. Rice is presently available only for title I and title IV of Public Law 480. There has been no rice available for title II and title III for the past 2 years because it has not been in CCC inventory.

Public Law 480 has strengthened farm income. In the case of rice, it has enabled growers to sell all their produce at levels exceeding the support price. The normal price they have been getting in recent years has been the support price. This would not be possible if there was a large surplus of rice hanging over the market.

It has been a stimulus to business and to the U.S. economy. It has made for thousands of jobs on farms, in processing plants, among transportation agencies, in export firms, in entire communities, and businesses all over the country that serve these farm communities. Like the Rice Belt and businesses all over the country that serve these communities.

Economists say that there is a great multiplier effect in any activity that stimulates business. It would be very interesting to determine the beneficial effect that Public Law 480 has had on the economy of this country. No doubt the Government has gotten back a large part of the cost of the farm program from the extra taxes generated through the stimulus of Public Law 480.

I believe there has been a very substantial benefit. I am not familiar with economic conditions in other farm areas, but I do know that the Rice Belt—southern Louisiana, southeastern Texas, eastern Arkansas, the Sacramento Valley in California, and the Delta of Mississippi—have been helped tremendously by Public Law 480 activity. Without it, some of these areas would experience adverse economic effects.

It has served to develop dollar markets for U.S. rice and other products by introducing our qualities in markets they have never been, by developing trade relationships that have previously not existed, and by allowing the use of some foreign currencies for direct promotional activities in dollar markets of the world. We do hope and recommend that the market development activities under Public Law 480 are allowed to be continued.

And last, but far from least, Public Law 480 has enabled millions of children in the world to go to bed with a stomach contented with rice and other foods instead of stabbed with hunger pains. This is a benefit that can't bear a dollar tag. In my opinion, Public Law 480 has been the most effective tool in the foreign relations program of our country. Public Law 480 can be justified for this purpose if for no other.

This program has been a good bargain for the United States, and we hope the Congress will extend it for 5 years without substantial change. It is strongly urged that the act not be weakened by attaching conditions that make negotiations overly difficult or that make Public Law 480 unattractive to countries that need it. It is a good act. It is operating smoothly and successfully.

If we should recommend any amendment, it would be to authorize the movement of agricultural commodities under titles II and III of the act directly from commercial stocks as well as CCC inventories. Present requirements that commodities for title II and title III come only from CCC inventory hampers the very beneficial operations of title II and title III.

In our opinion, it hampers some of the benefits that could be obtained by having these commodities available under titles II and III.

It is understood that some Members of Congress are opposed to this on grounds that the donations aspects under title II and title III

could eventually overshadow the commercial aspects of title I and title IV. It is believed that legislation could be drawn which would avoid such dangers. We recommend that you give consideration to it.

Thank you for your time and attention.

Mr. POAGE. Thank you, Mr. Gaines.

We will now hear from Mr. Ken Kendrick, of the National Association of Wheatgrowers.

STATEMENT OF KEN KENDRICK, VICE PRESIDENT, NATIONAL ASSOCIATION OF WHEATGROWERS

Mr. KENDRICK. Mr. Chairman and members, I have a statement by a grower, a very short statement that I want to enter into the record, please, sir, at the end of my statement.

Mr. POAGE. Without objection, that may be done.

Mr. KENDRICK. I have a short statement that I would like to present on behalf of the National Wheatgrowers Association. The other statement is from Mr. C. Allen Tom.

I am pleased to have this opportunity to appear before the subcommittee in behalf of the extension of titles I and II of the Agricultural Trade Development and Assistance Act of 1954.

The matter of the extension of Public Law 480 is of vital importance, not only to the economy of the United States but also for economic as well as social and political development of nations with whom we trade.

Not to extend the life of Public Law 480, or to phase it out too rapidly would be denying many nations the opportunity to grow and develop that we gave to Italy, Spain, Germany, Japan, and others when they so desperately needed help. These nations have become some of our strongest allies, as well as our best dollar customers.

The economy of the United States in general, and agriculture in particular, is becoming more and more dependent upon foreign trade. Public Law 480 was responsible to a large degree for the rapid post-war recovery of many nations. It is just as necessary at this time to fill the needs of the many emerging nations throughout the world.

American wheat producers have practiced considerable restraint in the planting and production of wheat during the past several years and without the use of Public Law 480, our wheat surpluses would have undoubtedly reached unmanageable proportions, thereby causing unduly low returns to wheat producers, and adversely affecting many other segments of our economy.

We must have a market for the things we produce. A great many of our markets have been developed through this instrument. Failure to extend Public Law 480 at this time would be disastrous to our agriculture, our balance of payments, and to millions of people throughout the world upon whom we depend and who depend upon us.

The National Association of Wheatgrowers feel that it is imperative to extend Public Law 480 for the following reasons:

(1) To continue to boost the expansion of markets for our agricultural products and by so doing, maintain a sound and healthy American agricultural economy as well as assist in our balance of payments.

(2) Strengthen the economy of less developed countries and provide them with the incentive to resist aggression.

(3) Create good will for the United States from the countries we are helping to feed and aid them in approaching economic stability.

(4) Showing uncommitted countries that free U.S. agriculture is more efficient than regimented Communist agriculture.

(The prepared statement of C. Allen Tom follows:)

STATEMENT BY C. ALLEN TOM, A WHEAT PRODUCER OF THE PACIFIC NORTHWEST AND VICE PRESIDENT OF THE NATIONAL ASSOCIATION OF WHEATGROWERS

As a wheat producer of the Northwest area of the United States I have become very conscious of the contribution that Public Law 480 has made to the economy of my operations, as well as to every other farmer in my area.

Since approximately 85 percent of all of the varieties of wheat we produce goes into export channels, it is imperative that we have this export market which was developed almost entirely through the use of Public Law 480.

The movement of wheat into Japan began 10 years ago under Public Law 480 when wheat consumption in that country was negligible. The carryover of the type of wheat I grow was extremely burdensome at that time. Today, Japan is one of the best dollar markets for our wheat. Wheat has become very important in supplying the nutritional needs of the Japanese people. This was made possible through the use of Public Law 480.

Public Law 480 needs to be extended to introduce our agricultural abundance to other areas and develop markets for our products. The use of this instrument also assists in the economic development of countries which, without this become easy prey for the Communists. Through the use of Public Law 480 these nations will not only develop into dollar markets for our products, but also become our friends which we so desperately need at this time.

Mr. POAGE. Thank you very much, Mr. Kendrick.

We will now hear from Mr. Howard Grow, of the American Soybean Association and the Soybean Council of America.

STATEMENT OF HOWARD GROW, ASSISTANT TO THE EXECUTIVE VICE PRESIDENT, THE AMERICAN SOYBEAN ASSOCIATION, ALSO REPRESENTING THE AMERICAN SOYBEAN COUNCIL OF AMERICA, INC.

Mr. GROW. My name is Howard Grow and I am assistant to the executive vice president of the American Soybean Association, with headquarters at Hudson, Iowa. This statement is presented in behalf of the American Soybean Association, which is the nationwide organization of soybean growers, and the Soybean Council of America, Inc., which has its headquarters at Waterloo, Iowa, and is the industrywide promotional organization.

Soybeans were the No. 1 dollar earner for the United States in world markets among all agricultural commodities last year. More dollars were returned to the United States from the sale of soybeans and soybean products than from any other agricultural commodity produce in the United States.

Soybeans are not in surplus, and have never been in surplus. All sales of soybeans and of soybean meal, both domestic and foreign, are for straight dollars. Last year we exported into world markets, for dollars, 180 million bushels of soybeans having a cash value to the farmers who produced them of \$421 million. We also exported 1.4 million tons of soybean meal into world markets, all for dollars. In addition, we exported into the markets of the world 1,195 million

pounds of soybean oil, 54 percent for dollars and 46 percent of it under Public Law 480 financing.

I should point out to you that all of these soybeans and soybean products have gone into markets which did not exist 15 years ago or even 10 years ago. At the end of World War II we produced only 200 million bushels of soybeans, while in 1963 we produced over 700 million bushels. Previous to World War II we were the world's largest net importers of fats and oils and oil-bearing materials, whereas today we are the world's largest net exporters of these same commodities, principally because of our greatly increased production of soybeans.

During the period since the war ended, the production of soybeans has absorbed nearly 18 million acres formerly used in the production of wheat, corn, cotton, and other crops which are today in surplus position. Where would we be in our farm program today had soybeans not taken over this 18 million acres and had we not produced on these acres a crop which the world wants and will buy?

Except for the portion of soybean oil exported under Public Law 480 our industry has not benefited directly from Public Law 480 sales. Yet today we want to go on record as being thoroughly convinced of the value of the Public Law 480 program, and as heartily endorsing the renewal of the law and the continuation of the program on approximately the same basis as in recent years. With the administration of this law placed in the Department of Agriculture, under Foreign Agricultural Service, we feel that the maximum results are being obtained, with a minimum expenditure. The sale of commodities which are in surplus, and the usage in the various oversea feeding programs of some of the foodstuffs produced in American agriculture is adding immeasurably to the effectiveness of U.S. programs around the world. Some of the problems of surplus commodities are being solved or partially solved by the operations of the several phases under Public Law 480, and industries such as ours are also benefiting materially.

I would like to cite for you a few examples of the manner in which Public Law 480 has assisted the soybean industry. There are many more, but I cite these as examples of the many accomplishments to which we can point, and as being typical of what can be expected in other areas, other countries, and on other commodities.

The soybean crop came to the United States from the Orient. To Japan, China, Manchuria, and Korea we owe the origin of the crop and the foundation seed of many of our present-day soybean varieties. Japan must import foodstuffs, because on the small islands with high concentration of population she cannot possibly produce enough food for her people. Japan today has become our largest market for U.S. soybeans.

Total usage of soybeans in Japan during 1963 was approximately 60 million bushels. Of these a little over 12 million were produced in Japan and about 48 million bushels were imported from the United States. This large volume of soybean imports from the United States is a direct result of market development activities carried on cooperatively by the Japanese soybean industry groups, the American Soybean Association and the Foreign Agricultural Service.

Japan imported slightly over 20 million bushels of soybeans in 1955, the year prior to the initiation of the U.S. market development

program. After 7 years of market development activities, the volume of soybean imports into Japan from the United States totaled over 48 million bushels during the last marketing year. This is an increase of 240 percent during the 7 years. This increase has been developed at a cost of only seven-tenths of a cent per bushel or thirty-five one-hundredths of a cent for each increased dollar of sales. The total increased volume of soybean exports to Japan since the initiation of the market development activities financed partially with Public Law 480 funds, approximates 113.5 million bushels over the level of exports prior to the program. Over 4.5 million acres of U.S. cropland has been required to produce this increased volume of soybeans.

The per capita use of edible oil in Japan is very low. Consumption has increased from 4.5 pounds in 1956 to 13 pounds in 1963. This increase is a direct result of market development activities, but much more can and should be done to fully develop this market, as the per capita consumption of oils in Japan today only equals that of India, where the per capita income is only one-fifth of that of the Japanese wage earner. Total use of fats and oil in Japan for food and industry is only 22 pounds per person. In the United States we use about 70 pounds per person.

Soybeans are one of the major sources of protein in the Japanese diet. They do not have and cannot yet afford to buy meat, milk, or eggs in quantity. Market development activities have resulted in the use of 10-percent soy flour in noodles, which are a major Japanese food. School lunch programs now use 10-percent soy flour in the bread and rolls served to over 10 million schoolchildren every day. No satisfactory table spread is available in Japan and we feel a large market can be developed for soybean oil in margarine.

Japan is starting to develop an animal agriculture. They do not know very much about the use of soybean meal as a livestock and poultry feed. The Japanese industry and research people know very little about the quality products that can be produced efficiently with use of soybean meal as a protein feed. Testing and demonstrating the use of soybean meal together with proper promotion can develop a large market for U.S. soybeans.

Much progress has been made during the past 7 years in the increased use of U.S. soybeans in human food products in Japan. The continuation of market development activities for U.S. soybeans can develop a market at least double the present volume. This will come about by further increasing the use of soybeans in the human diet and by developing the potential use of soybean meal in animal agriculture.

Spain is another example of progress made in the merchandising of U.S. soybeans and soybean products. In 1956 the first sale of U.S. soybean oil was made to Spain under Public Law 480. Because the oil industry of Spain was accustomed to olive oil they tried to doctor the good quality of U.S. soybean oil with olive oil foots, and they placed on the markets a product totally unacceptable to the Spanish customer. U.S. soybean oil had a very bad reputation, was totally unacceptable, even became the butt of jokes in the Spanish press.

At that time there were many people in the United States who felt Spain could never become a dollar customer, and that Public Law 480 sales and market promotional work in that country were a waste of time and money. But our industry felt that Spain offered a good potential market, so we sent technical men to Spain to teach them

how to handle, store, and merchandise soybean oil. The Soybean Council has continued to work with the Spanish Government and the oil trade.

In 1962 Spain purchased 224,000 metric tons of U.S. soybean oil, all for dollars. Her average yearly imports have now reached the level of 200,000 to 250,000 metric tons, and every pound of it is paid with U.S. dollars. This is to a country that in 1956 many people felt could never be a dollar customer.

And in addition, during the 1962-63 marketing year Spain purchased 196,331 tons of soybean meal, all for dollars. Spain also buys soybeans, and her potential purchases now appear to be about 150,000 metric tons of soybeans per year, also all for dollars.

Spain constitutes a dollar market that was built by starting with Public Law 480 sales of oil, which led into a gradual transition to dollar sales of soybean oil, meal, and soybeans until today Spain, a basic producer of olive oil, is one of the U.S. soybean industry's largest dollar customers. We feel certain that without the introductory work done in acquainting the people of Spain with our products under Public Law 480 this large market for our commodities would not exist today.

In summarization I would like to again emphasize that soybeans is a crop which is not in surplus, has never been in surplus, and we sincerely hope they will never be in surplus. We have increased our crop by $3\frac{1}{2}$ times since the end of World War II, but we have been able to build markets as rapidly as we have expanded production. The market development work was made possible because Public Law 480 funds were available in countries which offered potential markets—and we have used them along with our own industry dollars.

Public Law 480 sales have been used as an introductory technique in many countries. Soybeans and soybean products have been known and used in only a very small portion of the world, and many people have never heard of the crop. Soybean oil placed in their hands, as was done in Spain through Public Law 480 sales, has acquainted them with the product, taught them that it is good and it is economical, and today dollar markets exist where people told us they could never be built.

As this job has been done the essential needs of people around the world have been met and the economic development of countries around the world has been accelerated so they are able to purchase more U.S. agricultural products. Facilities for bulk handling of our products have been installed, and the transition from small packages at high cost to large-scale bulk purchases has been instituted or accelerated. In doing so the quantity of product which can be purchased with a given number of dollars has been greatly increased.

I have quoted Japan and Spain as examples. There are many others. American agriculture needs new and expanded markets, and Public Law 480 is a means of introducing our products to those markets, gaining acceptance, building potential dollar sales far in excess of today's levels.

The American Soybean Association and the Soybean Council of America urge that your committee promptly report out a bill providing for the renewal of Public Law 480 in essentially its present form. The groundwork of huge market expansion in the soybean industry has been laid with the help and assistance of Public Law 480. We

hope your committee and the Congress will see fit to continue it in essentially the present form and with adequate financing for a period of years sufficient to provide the stability and continuity which will enable us to continue expanding markets for U.S. soybeans and for all products of American agriculture.

Mr. POAGE. Thank you, Mr. Grow.

Mr. GROW. Thank you.

Mr. POAGE. We will now hear from Mr. David Bartholomew, who represents the Great Plains Wheat, Inc., a growers association organization.

STATEMENT OF DAVID M. BARTHOLOMEW, ON BEHALF OF GREAT PLAINS WHEAT, INC.

Mr. BARTHOLOMEW. I am appearing on behalf of Great Plains Wheat, Inc., a market development organization, working with Foreign Agricultural Service in developing markets for wheat throughout the world. Great Plains Wheat is an effort on the part of wheat farmers to help themselves by expanding markets for their product. It is organized under the laws of the State of Colorado, and authorized to do business in the State of Kansas with its principal office located in Garden City, Kans. It has offices in Washington, D.C., and in all parts of the world where there are markets or potential markets for U.S. wheat. At present, it maintains offices in Lima, Peru; Bogotá, Colombia; Rio de Janeiro, Brazil; Rotterdam, Netherlands; Rome, Italy, and is cooperating jointly with Western Wheat Associates, a similar organization located in the Pacific Northwest in market development activities in Asia with offices in Tokyo, Japan; Manila, Philippines; New Delhi, India; and Karachi, Pakistan. This activity in Asia is carried out under the name of Wheat Associates. Financial contribution is shared by the two organizations, and the program is administered by Western Wheat Associates under policies established by a coordinating committee composed of representatives of each organization.

In carrying out the market development activities, Great Plains Wheat works closely with the Foreign Agricultural Service of the Department of Agriculture. Its programs are financed from two sources. The first is a small tax levied by law upon the first sale of wheat in the States of North Dakota, South Dakota, Nebraska, Kansas, and Colorado. The proceeds of this tax are appropriated to State wheat commissions in each of the five States. Each of the State commissions contracts with Great Plains Wheat to pay a part of the funds so collected to the latter organization for market development activities. The second source of funds comes from appropriations by Congress to the Foreign Agricultural Service for market development activities. These funds, while appropriated in dollars, are actually derived from converted currencies received from sales of agricultural commodities for foreign currencies under title I of the Agricultural Trade Development and Assistance Act of 1954, better known as Public Law 480.

Great Plains Wheat and Western Wheat Associates favor the extension of the Agricultural Trade Development and Assistance Act of 1954 for an additional period of 5 years. It believes that the law has been eminently successful and has resulted in carrying out the broad

objectives set out in section 2 of the act. These objectives are stated as follows:

SEC. 2. It is hereby declared to be the policy of Congress to expand international trade among the United States and friendly nations, to facilitate the convertibility of currency, to promote the economic stability of American agriculture and the National welfare, to make maximum efficient use of surplus agriculture commodities in furtherance of the foreign policy of the United States, and to stimulate and facilitate the expansion of foreign trade in agricultural commodities produced in the United States by providing a means whereby surplus agricultural commodities in excess of the usual marketings of such commodities may be sold through private trade channels, and foreign currencies accepted in payment therefor. It is further the policy to use foreign currencies which accrue to the United States under this Act to expand international trade, to encourage economic development, to purchase strategic materials, to pay United States obligations abroad, and to promote collective strength or further in other ways the foreign policy of the United States.

While section 2 outlines the objectives of the act in detail, I shall base my presentation upon what I regard as the two broad purposes of the law. First is the use of our agricultural abundance to relieve hunger and distress in the undeveloped countries of the world through the establishment of markets for agricultural commodities outside the normal channels of trade, including sales for local currency, grants, and barter. Second is the expansion of international trade in agricultural commodities by developing markets in the normal channels of trade.

With respect to the first purpose, we believe that it is important and indeed necessary at this time to continue the provisions for concessional sales as authorized in the act. In making this statement, I am referring especially to food and specifically to wheat, which is our principal food export and the most important food product in international trade. However, what I say may apply as well to several other agricultural commodities. In spite of increased exports of wheat for dollars, and notwithstanding farm programs having for the objective the reduction of wheat production, we are producing and will continue to produce, in the immediate future at least, more wheat than can be sold through normal trade channels.

At the same time, in the overall the world population is increasing faster than its food supply. While conditions vary from country to country, in general, food production is increasing faster than population only in the areas such as North America, Western Europe, Australia, and Argentina. The increase in food production is less than population growth in practically all other countries.

Since 1958, our total exports of wheat have increased and the marketing year July 1, 1963, to June 30, 1964, will see the greatest world movement of wheat in history and the greatest exports which this country has ever enjoyed.

Domestic consumption and exports this year will exceed our current production by a considerable amount, and the proportion of our wheat exports which will be sold for dollars in the marketing year is the highest for many years. However, as already indicated, our average production is considerably more than can be sold through normal trade channels. It is well also to keep in mind that the conditions which have brought about increased exports to all of Europe and Japan cannot be expected to normally recur to the same extent as is the case this year. It is my firm belief, however, that the continua-

tion of our present market development program for wheat will result in an increase in the average level of exports as time goes on.

Because it is sometimes felt that concessional sales are giveaway programs, I think it should be pointed out that this is not altogether the case. I have before me in preparing this statement the message of the President of the United States transmitting the 18th semi-annual report on activities carried out under Public Law 480, 83d Congress, and would call your attention to table 12 on page 82 which sets out the uses of foreign currency as provided in title I of Public Law 480 agreements signed from July 1, 1954, through June 30, 1963, a period of 9 years. These figures show that during that time 23.2 percent or \$2,186,685,000 in foreign currency, was devoted to direct U.S. uses. For the last 6-month period, January 1, 1963, through June 30, 1963, the amount which went into such U.S. uses was 29.9 percent. I want to call attention also to the fact that transactions carried out under the barter provisions included in title III have made it possible for our country to receive substantial quantities of goods and merchandise.

According to the 18th semiannual report on Public Law 480 activities, from which I have quoted earlier, the value of stockpile materials received during the period from 1954-55 through 1961-62 including both the strategic and supplemental stockpile was \$1,430.7 million; in addition, strategic and other materials, goods, and equipment for other Government agencies amounted to \$98.6 million, or a grand total of \$1,529.3 million. During the past year sales for credit under title IV have assumed increasing importance, and it is anticipated that the quantity of our agricultural commodities going out under this title will increase.

All of this points up the part that Public Law 480 transactions have played in improving our balance-of-payments situation during the years since 1954. Certainly the use of over \$2 billion from 1954 to 1963 in payment of obligations of the United States has played no small part in improving our balance-of-payments situation.

The entire question of the benefits which have come to this country through the use of title I, and other provisions of Public Law 480, must be considered in the light of the facts that we are in a new phase of agriculture. This is the age of science and technology. Nothing like it has ever happened in the history of mankind. Production has been revolutionized. Not two but several blades of grass are growing where one grew before. However, these benefits have come only to the developed countries. They have resulted in surpluses in those countries. The problem is to make the best use of these surpluses in the interest of both developed and underdeveloped countries. I know of no better way these twin problems of overproduction and underproduction could have been met than has been done through Public Law 480.

Something else which must be kept in mind is the fact that "aid" of the type provided under Public Law 480 is in many cases the beginning of "trade." That has been graphically illustrated during the past few years in cases of Italy, Spain, Greece, Israel, and especially Japan, which from being a recipient under Public Law 480 programs only a few years ago has now become our greatest cash customer for agricultural commodities. Similar changes may be expected from other recipient countries as their economic position improves.

Nor can we overlook the fact that programs carried out under title II of Public Law 480 have been exceedingly effective in improving our relations with the recipient countries. In its activities in South America, Great Plains Wheat has had an excellent opportunity to participate in and observe the effect which such simple programs as school lunches have had in bringing about a better understanding between our country and the people of countries like Peru, Chile, Colombia, and Brazil. It has been said that these comparatively inexpensive cooperative programs have done more good than many more elaborate activities under the Alliance for Progress programs.

From here let me proceed to discuss some of the benefits which have accrued to this country through the operation of the market development programs authorized under Public Law 480 and carried out by the large number of commodity organizations, in connection with the Foreign Agricultural Service. Every commodity has its problems and those of wheat are different in some details from some of the others. However, I believe that the activities which have been carried on by Great Plains Wheat are typical of most programs which have been carried out under the market development provisions of Public Law 480.

Our activities have been many and varied. I shall take time to call your attention to only a few. When Great Plains Wheat began operations on January 1, 1959, it started practically from scratch, although the Nebraska and Kansas Wheat Commissions had done some preliminary work by way of investigating market opportunities and bringing trade teams here from wheat-importing countries. We quickly discovered that developing and expanding foreign markets for wheat was going to be a long, tough job.

One of the things which we learned immediately was that until the beginning of the market development program there had been no organized and systematic efforts in this country to promote the sale of U.S. wheat abroad. We were exporting wheat, yes, and had been for many years but without definite program or objectives in mind. Our position had long been that of a residual supplier, taking whatever part of the world wheat market our competitors were unable or unwilling to supply. We soon found that we were confronted by aggressive and competent competitors such as Canada, Australia, and Argentina, and with other countries like Russia and France coming in and out of the market depending upon the amount of their production for any given year.

In these countries wheat exports were considered of great national importance because of their ability to produce needed foreign exchange. In all of them the exportation of wheat was a government function and existing markets were the result of many years of tireless effort not only in finding markets but in producing the types of wheat which were desired by importing countries. Every effort was made to deliver this wheat in the form and condition desired by buyers.

Among the first things brought to our attention were complaints from foreign buyers relative to the condition and quality of our wheat as it arrived in foreign ports. Another hurdle was trade barriers. Wheat importing countries are also wheat-producing countries and in practically all cases trade barriers of various types had been set up to protect domestic production.

Another handicap was transportation rates from the areas of wheat production to the ports. This was a particularly difficult situation for Great Plains wheat since most of the area is far from ocean ports.

We found, also, that we were lacking in market information and intelligence and knew little about how our competitors were operating.

Much of our work has been devoted to overcoming these obstacles. We early inaugurated a study of how our wheat compared with that of our competitors when it arrived in importing countries. This was done through sampling programs in Western Europe and South America. To carry out these programs we employed the Superintendence Co., an international firm, highly regarded by the grain trade. The most important part of this program was conducted in Western Europe. Samples were taken in the ports of London, Rotterdam, Antwerp, Hamburg, Bremen, and Emden. Cargoes from all the principal exporting countries, except Argentina, were sampled. As a result of this program we found that our wheat while meeting the grades and standards under which it was sold was inferior in most cases to wheat from our principal competitors, particularly Canada but including Australia, Russia, France, and minor exporting countries also. We found this to be true both as to physical characteristics and milling and baking qualities. Later, we further developed our study by taking samples of wheat as it came from the farms in the Plains States. We found this wheat compared favorably with wheat from any country as to cleanliness and physical characteristics and that much of it was of superior quality from the standpoint of milling and baking qualities. The root of the problem as to physical quality was that our grain standards had such great tolerances that they were almost meaningless. It was evident that a revision of the standards which would make them more meaningful and explicit was needed.

In the meantime the Agricultural Marketing Service of the Department of Agriculture had made a study of the standards and had reached the conclusion that they were inadequate. Last August the Department published a proposed revision of the standards. Hearings were held on these revisions and Great Plains Wheat, by reason of its sampling programs and other studies, was able to make a definite contribution to the four hearings which were held in wheatgrowing areas during the month of October. Subsequently the matter was considered by the Secretary of Agriculture, and on January 22 he announced new standards which, with slight changes, were the ones previously proposed by the Department and supported by Great Plains Wheat. We believe that the new standards will definitely clear up many of our problems in the export market, especially in Western Europe.

Another problem we attacked was freight rates which were so high from the Great Plains to the west coast as to make it impossible for Hard Red Winter wheat to compete with Canadian wheat in the Japanese market. To meet this situation Great Plains Wheat filed applications with a number of transcontinental railroads for substantial reductions in rates to the west coast. After a series of hearings five railroads from the Central Plains area reduced their rates from Colorado, western Kansas, and western Nebraska to the west coast to 70 cents per hundredweight. This was sufficient to make our wheat

competitive and opened the Japanese market to Hard Red Winter wheat. Efforts are continuing to secure similar reductions on the part of the northern railroads from the States of North Dakota, South Dakota, and Montana to the west coast for export.

But rate reductions are only a part of the work which has been done in developing the Japanese market. Other activities conducted there by Wheat Associates involve nutrition programs involving the use of wheat, and school lunch programs using bread made from U.S. wheat. Technicians from the Department of Agriculture and Great Plains Wheat have held meetings with Japanese millers and bakers. Included also in this program were visits to this country by teams of Japanese millers, bakers, technicians, and representatives of the Japanese food agency which purchases all wheat imported into Japan.

Total U.S. wheat sales to Japan in 1963 are estimated to have been about 1.6 million tons—60,621,000 bushels—the largest in the history of the United States-Japan wheat trade. This makes the United States Japan's largest supplier of wheat. Of this estimated amount, 29,392,000 bushels were western White and 31,229,000 bushels were Hard Red Winter wheat.

A great deal of our time and effort has been devoted to the matter of trade barriers during the past 2 years. This work has centered in Western Europe, particularly in the Common Market countries. About a year and a half ago Great Plains Wheat sent Dr. Richard Goodman of North Dakota State University to Rotterdam for the purpose of keeping in touch with Common Market activities. Through his effort we have kept in close touch with this rapidly changing situation. On this side we are keeping in contact with the Department of Agriculture and with special representative for trade negotiations Christian A. Herter, in order to be of any possible assistance in solving the many difficult problems arising out of the Common Market situation and the GATT negotiations.

Another of our activities is in the field of market intelligence. This includes supplying foreign buyers, importers, and processors with information regarding the kinds, characteristics, and qualities of U.S. wheat. Starting in 1960 our organization secured quality data on the annual wheat harvest in the Great Plains Wheat area. This information which dealt with milling and baking quality as well as physical characteristics has been printed in several different languages and widely distributed abroad. A wheat sample display folder, also printed in several different languages, was developed. This identifies major production areas on a map of the United States and shows in plastic inserts actual wheat samples of the various kinds of U.S. wheat which are available for purchase. These sample cards now hang in offices and laboratories throughout the world as a constant reminder of the quality, variety, and value of U.S. wheat.

Mr. Chairman, American agriculture cannot stand still. Without serious injury to our entire economy we cannot reverse the forces of efficiency and technology which have been its hallmark in recent years. Our mistake during these years was in not giving the same consideration to marketing and distributing which we did to production.

The enactment of Public Law 480 and the market development program which have been set up under it mark the greatest step in foreign market development which has ever been taken in this country. For

this and other reasons already set out in this statement, Great Plains Wheat urges that this act be extended.

Mr. POAGE. Thank you very much. We will now hear from our next witness, Mr. William G. Lodwick, but before that, I should like to say that we have certainly appreciated your statement, Mr. Bartholomew.

We will now be pleased to hear from you, Mr. Lodwick.

STATEMENT OF WILLIAM G. LODWICK, REPRESENTING A GROUP OF MARKET DEVELOPMENT COOPERATIVES

Mr. LODWICK. Mr. Chairman and members of the committee, my name is William G. Lodwick and I live at 4000 Massachusetts Avenue NW., Washington, D.C. I am acting as spokesman for a group of agricultural commodity associations that are engaged in a joint effort with the Foreign Agricultural Service to expand foreign markets for U.S. agricultural products. These organizations are: Burley & Dark Leaf Tobacco Export Association; Cotton Council International; Dairy Society International; Millers' National Federation; National Renderers Association; Tobacco Associates; and U.S. Feed Grains Council.

These and other associations doing a similar work abroad, today, represent virtually every farm product capable of being sold in the export trade.

We operate under section 104(a) of the Agricultural Trade Development and Assistance Act of 1954, whereby certain funds under certain conditions are allotted to us to supplement our own funds in a worldwide effort to maintain and expand foreign markets for U.S. agricultural products.

Although we realize that many things affect the level of our exports, we believe the success of this venture is best attested by the increased export figures with which you are all familiar.

We believe that things don't just happen but are brought about and that much of this increased exportation of U.S. agricultural products is due to the joint efforts of our Government and private industry.

Because of the unqualified success of this operation, we urge the committee to recommend the continuation of the market development provision of the Agricultural Trade Development and Assistance Act of 1954, as it is now constituted, for such an additional period of time as the committee may deem fit and proper.

We are quite proud of our participation in this program and wish to assure the committee of our continued support and contributions to its success.

We thank the committee for this opportunity to present our views on one of the greatest pieces of agricultural legislation of the past 10 years.

Mr. POAGE. Thank you very much, Mr. Lodwick.

The committee will now hear from Mr. Murray D. Lincoln, president of the Cooperative League of the United States of America. Is Mr. Lincoln here?

Mr. Lincoln is not here.

Is there anyone else who desires to be heard on this subject this morning? This does not close the hearings, but is there anyone

with us this morning who desires to be heard? If not, we are very much obliged to our witnesses and to the members of the subcommittee for their fine cooperation, enabling us to hear as many witnesses as we did this morning. I think this is a good illustration of what can be done when you have the active cooperation of the witnesses and of the subcommittee.

Thank you all.

(The following communications and statements were also submitted to the subcommittee:)

NATIONAL COTTON COUNCIL OF AMERICA,
Washington, D.C., February 18, 1964.

HON. W. R. POAGE,

Chairman, Subcommittee on Foreign Agricultural Operations, House Committee on Agriculture, House of Representatives, Washington, D.C.

DEAR CONGRESSMAN POAGE: The National Cotton Council has supported the Agricultural Trade Development and Assistance Act of 1954, as amended, since its inception, as a temporary means of disposing of current agricultural surpluses and as a basis for aiding those countries which do not have sufficient dollar resources to finance their import requirements of cotton. At the council's last annual meeting in Biloxi, Miss., January 27-28, 1964, among other resolutions the delegate body of the council passed the following resolutions with respect to Public Law 480:

(a) That the council reiterate its belief that, in view of the continuing critical imbalance of foreign payments, U.S. foreign aid programs, especially Public Law 480, should be examined critically and, to the maximum extent possible, assistance to foreign countries should be extended through self-liquidating dollar credits, as in most cases exports for foreign currencies do not help our balance-of-payments situation to any significant degree.

(b) That the council reaffirm its previous decisions to stimulate exports of U.S. cotton * * * by supporting the use of a reasonable amount of Government funds for * * * market development programs abroad in accordance with current provisions of law.

The council considers that Cotton Council International's programs to promote the consumption of cotton and cotton products in foreign countries have been highly effective. These programs have been, and are being, undertaken in collaboration with the U.S. Department of Agriculture pursuant to a provision of Public Law 480. We hope that the cooperative cotton market development programs abroad can be continued. In view of this, we urge that the market development provisions of Public Law 480 be continued without impairment.

We respectfully request that this letter be included in the records of your committee, so that our views will be known by the other members of your committee. Favorable consideration of our position would be greatly appreciated.

Sincerely,

CARL C. CAMPBELL,
Assistant Director, Foreign Trade.

STATEMENT OF THE CHAMBER OF COMMERCE OF THE UNITED STATES

The Chamber of Commerce of the United States, in recent appearances before the Congress to testify on wheat and cotton legislation, has recommended that the Federal Government be phased out of farm commodity purchases and disposal. In keeping with this position, the national chamber recommends that Public Law 480, popularly known as the Surplus Disposal Act, be eliminated and that in its place there be instituted a new program, built on these criteria:

(1) Funds to provide famine relief and economic assistance to foreign nations should be authorized and appropriated directly by Congress. We believe the American people will continue to support, by this method, the humanitarian sharing of our agricultural abundance.

(2) Distribution of agricultural commodities to foreign nations should be programed on the basis of the food and fiber needs of these nations. This will eliminate the attitude now held by some recipient nations that they are doing the United States a favor by accepting surplus agricultural com-

modities and thus relieving us of the burden of acquiring and maintaining surplus stocks.

(3) Agricultural commodities aid to foreign nations under this program should be on the basis of purchase by the Federal Government of commodities on the domestic market at market prices. This would have a more salutary effect on farm income than the present program and would include commodities, other than those in surplus, needed to fulfill the requirements of recipient nations. Furthermore, this aspect of the program would eliminate the feeling that this part of our national policy is merely a subterfuge to get rid of surpluses which we can't use anyway, rather than a truly national concern for the welfare of others.

It should be noted that this new approach would remove from farmers the onus that Public Law 480 is "just another farm program," chargeable to farm program costs.

The national chamber recognizes that the existing program under titles I and II of Public Law 480 cannot be changed overnight. Therefore, we support temporary extension of titles I and II if amended to make the soft currencies accumulated under title I subject to specific appropriation by the Congress, such as is proposed in H.R. 9993.

STATEMENT OF J. PETER GRACE, PRESIDENT, W. R. GRACE & Co., CHAIRMAN, THE INSTITUTE FOR HUMAN PROGRESS

The Institute for Human Progress, a private nonprofit agency in the foreign aid field, strongly supports continuation of Public Law 480 entitled "the Agricultural Trade Development and Assistance Act of 1954." The institute also urges increased employment of the country-use currencies, especially loans authorized under section 104(g) and grants under 104(e), in private sector development programs.

The Institute for Human Progress was organized in Washington, D.C., on October 2, 1962. Its board of directors represents the professional and business fields. The institute was formed to encourage private organizations in developing countries to take the initiative and implement programs to improve living standards and promote economic and social development.

While the development of a people is accomplished principally through self-help, they must be equipped through training with modern techniques necessary to fulfill their ambitions for a better standard of life. The Institute for Human Progress seeks to obtain support for education programs in Latin America which develop the available human and material resources. Examples of such programs are vocational, agricultural, and cooperative training, research and development surveys, professional formation, and adult education.

The institute encourages private organizations in Latin America of technical and administrative capacity to conceive and organize for maximum results projects of this nature, and when local resources are insufficient, to prepare in the most effective manner requests for assistance from governmental and private agencies in their own country as well as in the United States.

The institute believes that in the original enactment of Public Law 480 in 1954, Congress approved one of the most important and farsighted pieces of legislation of this type in the history of our country. The local currencies generated from the sales of American surplus farm commodities have become almost as significant as the U.S. dollars appropriated by Congress for our foreign aid programs. The country-use portion alone of title I sales proceeds since 1954 have amounted to more than \$6½ billion, according to the "18th Semiannual Food-for-Peace Report." Consequently, it is increasingly important to use these food-generated currencies in the most effective manner keeping in mind the reduction in the outward flow of American dollars.

We especially want to note that the loan portion of these currencies, approximately \$4.2 billion or 45 percent of the title I sales proceeds, is presently determined in government-to-government sales agreements. Loan decisions are then made at the country level. Although AID has the responsibility for administering this program, these loans do not undergo the same close scrutiny as do appropriated funds of the regular AID program. The result is that their effectiveness may be diminished, especially when the funds are simply channeled into some country's development budget. For increased development and productivity Congress should encourage AID to plan with the local governments the

insertion of a larger portion of the food generated currencies into the private economy, especially into private sector development programs.

The food-for-peace program is one of the major elements in the Alliance for Progress. While it has already done excellent work in this area, it is obvious that much more can be done particularly in the field of economic development. Furthermore, it is widely recognized that the tremendous task facing the Alliance for Progress cannot be accomplished by governments alone. Private individuals who are willing, intelligent, and organized for participation in this vital work are also essential.

It was encouraging to note the support that Congress gave to private enterprise in the Foreign Assistance Act of 1963. The Institute for Human Progress would like to stress the need for congressional support for another sphere of private initiative in developing countries. This is represented by private agencies which are actively engaged in improving the condition of the people. They, too, encourage personal responsibility and are educating the people by alerting them to the benefits of private initiative. Programs under private auspices are urgent in the fields of adult education, cooperative, vocational, and agricultural training as well as improved university education. Such programs are basic to the forming of self-sufficient and economically productive segments of societies in these countries. To complement these efforts, some lines of credit should be established which will permit the people to put to use their new-found knowledge and techniques. Food-generated currencies could partially fill that need.

A more imaginative and fuller use of the currencies would help supply the means to pay for additional food purchases through increased productivity. Limiting the use of food-generated currencies to supporting a local government's budget, as happens, is not a positive solution to the balance-of-payments problem.

The need for private institutions, as an instrument for expanding the responsibility and participation of the private sector under the Alliance for Progress, is acute and it is imperative that the U.S. support these organizations. Private organizations operate on a people-to-people basis and have great effectiveness among students, labor groups, slum dwellers as well as agrarian workers.

These institutions provide readymade cadres upon which efforts of the United States can be expanded many times with the least delay and, at the same time, in consonance with local cultural patterns. The imaginative use of food-generated currencies would help provide the means to make the maximum use for developmental purposes of such organizations which carry out programs of great impact in a wide variety of fields.

The Institute for Human Progress recommends that the authorizations for titles I and II be extended for the additional 5 years as requested by the Secretary of Agriculture to obtain continuity in planning and to carry out the program. The institute also recommends that congressional legislation encourage a more effective use by AID of food-generated currencies through assistance to private organizations active in promoting economic and social development in Latin America.

THE AMERICAN RESEARCH HOSPITAL IN POLAND, INC.,

New York, N.Y., February 18, 1964.

HON. HAROLD D. COOLEY,
*Chairman, Committee on Agriculture,
House of Representatives,
Washington, D.C.*

DEAR MR. CHAIRMAN: In connection with construction of the American research hospital for the Medical Academy of Krakow, Poland, I am compelled to leave for Poland earlier than at first anticipated. Being thus prevented from testifying personally at the hearings conducted by you and your committee on the subject of Public Law 480 operations, I respectfully request that a written statement prepared by me, and enclosed to this communication be accepted and incorporated into the testimony with regard to operations of the Public Law 480 program.

STATEMENT

My name is Wlad. O. Biernacki-Poray. My profession is architecture; I am a head of a firm bearing my name, located in Montclair, N.J., and in New York City. I am also a president of the American Research Hospital in Poland, Inc., a voluntary nonprofit organization.

Our committee has been organized in recognition of our desire to assist in development and building of a children's hospital, the first of its kind, for the Medical Academy of Krakow in Poland. We enclose, as part of this statement, a technical report by CARE to the U.S. Government on phase II—Technical Documents, prepared by W. O. Biernacki-Poray, AIA, architect, which report shows, on pages 1 through 6 the story of the development of the project; also, on pages 71 through 74 of the enclosed report description of the actual construction activities (as of the date of the report) is shown.

The enclosed report starts with a letter of transmittal from the executive director of CARE, Mr. Richard W. Reuter (presently the Director of the Food for Peace and the Special Assistant to the President), to Administrator of the Agency for International Development. We ask that this letter be also admitted as part of this statement, inasmuch as it contains a meaningful and lucid introduction of the project of the children's hospital.

The successful development of this hospital is based mainly on the willingness of the U.S. Congress to support the project through appropriation of funds for the construction and equipping of this medical institution.

The success of the project's development is also due to cooperation and guidance provided by the Agency for International Development, who in implementation of legislation enacted by the U.S. Congress executed grant agreements, reviewed periodically submitted reports, inspected the project under construction and continues its supervision from the point of view of general operations under the terms of the agreement. We are grateful for the degree of assistance and guidance provided by officials of the AID.

Our committee recognizes, and is thankful for continuous operation of the Public Law 480 program, through which most funds required for construction of the children's hospital were generated. Polish currency, accruing from sale of surplus agricultural commodities is being appropriated under the Foreign Assistance Appropriation Act, and under the terms of the grant agreement between AID and the American Research Hospital in Poland, Inc., is used to pay local construction and procurement cost. To date, a sum equivalent to \$8,250,000 has been appropriated, in Polish currency, for the project, from special local currency programs.

We believe that use of Public Law 480 accumulated funds for projects such as children's hospitals is the best example of the humanitarian objectives of U.S. foreign policy, indicating as it does, this country's basic concern for rights of the individual to live free from sickness, pain, and deformities.

This policy is recognized and understood in Poland by all those with whom we were able to meet—students, professors, workers, children, members of the engineering and other professions, common people. Much friendship and good will has been found by members of our committee from people of Poland at all stations of life, including officials of the Medical Academy, Government, labor unions, etc.

We respectfully ask that the program governing further operations of the Public Law 480 be continued, and extended with regard to development of projects such as the construction of hospitals in Poland, and certain other countries who are capable of providing adequate medical and technical services needed to maintain and operate modern hospital plants.

Respectfully submitted.

W. O. BIERNACKI-PORAY, A.I.A.,
President, American Research Hospital in Poland, Inc.

CARE, INC.,
New York, N.Y., June 29, 1962.

HON. FOWLER HAMILTON,
*Administrator, Agency for International Development,
Department of State, Washington, D.C.*

DEAR MR. HAMILTON: Pursuant to the contract agreement between the International Cooperation Administration of the U.S. Government and the Cooperative for American Relief Everywhere, Inc., of November 1, 1960, as amended on March 27, 1961, I have the honor to transmit herewith the report and technical documents for the construction of the American Research Hospital for Children in Krakow, Poland.

This report and the technical documents are implementations of the survey report presented by CARE to the Department of State on May 4, 1960, in fulfillment of an agreement with the Government of the United States for an initial study and feasibility survey for the hospital. The grant to CARE grew out of prior studies and discussions between the officials of the U.S. Government and the Committee for the American Research Hospital for Children in Poland (ARHP) which asked CARE's assistance to instrumentalize the survey.

The U.S. Government approved the recommendation contained in the survey report and in August 1960 the Congress appropriated \$1,500,000 in foreign currencies for construction of the hospital; an equivalent of \$100,000 in Polish currency was set aside for starting engineering and working drawings.

Acting on the request of the Committee for the ARHP, CARE executed an agreement with the Government of the United States, and the presently submitted report and technical documents are in complete fulfillment of CARE's obligation under that agreement. The survey report submitted in May 1960, and the present report and technical documents have been prepared by Mr. W. O. Biernacki-Poray, AIA, architect for the hospital, who originated the idea of the hospital and who has contributed his services to this project.

The technical documents consist of final and fully detailed architectural and engineering drawings and specifications, and are listed in section 1 of the report. In accordance with provisions of the agreement, CARE has submitted, at designated intervals, drawings and specifications to AID, after securing approval of required documents by Polish authorities having appropriate jurisdiction.

On the basis of these documents which AID has approved, and under the provisions of a grant agreement executed between the U.S. Government and the ARHP Committee on August 16, 1961, construction activities were started in August 1961 in Krakow, and the hospital is now well advanced toward its completion scheduled for May 1964. Section 16 of the report describes in detail the progress of hospital's construction, including a rehearsal of the agreements, the building contract, and fund-raising efforts in the United States.

The report also discusses in solid detail the entire scope of the architectural and engineering solution of the hospital and examines the entire range of its elements and features. In transmitting the report as a highly technical document, I should also like to emphasize CARE's great satisfaction for the continuing support of the U.S. Government to the hospital, as evident in the special message of the President of the United States, who on June 13, 1962 asked Congress to appropriate \$2,800,000 for further stages of the project's construction.

From observations by our mission in Poland and from my personal discussions with high officials of the Polish Government in October 1961, CARE is convinced that the hospital as a concrete evidence of concern of the people of United States for the welfare of the people of Poland, and as an introduction of highly developed concepts of medical architecture, is being received in Poland with very high regard.

To cite one measure of the project's impact, it has been recently and in the past featured in the leading Polish newspapers, and its construction is attracting many visitors not only from Poland but from other countries as well.

CARE believes that successful developments with regard to the hospital to date could well point the way to a useful future pattern for utilizing foreign currencies which have been accruing from sales of agricultural supplies under Public Law 480 in Poland and in other countries.

As indicated in CARE's Survey Report of 1960, private contributions to the project cannot alone meet dollar requirements for the purchase of equipment and material not available with the use of Polish currency. We would therefore reemphasize our recommendations made in May 1960 that allocation of dollars by the U.S. Government as an earnest commitment to the completion of the hospital are necessary. The values already generated by the hospital demonstrate that it may well become one of the most significant visual evidences of the policy of peace and friendship on the part of the United States to the people of Poland.

Very sincerely yours,

RICHARD W. REUTER, *Executive Director.*

PENDLETON, OREG., *March 3, 1964.*

Congressman AL ULLMAN,
House Office Building,
Washington, D.C.:

The Oregon Wheat Growers League would appreciate your efforts in extending Public Law 480 for a 5-year period or as long as possible. It is very important to the Pacific Northwest in holding down our wheat surpluses.

JOHN WELBES,
Executive Vice President, Oregon Wheat Growers League.

Mr. POAGE. The committee will stand in recess until next Wednesday at 10 o'clock, when Mr. Cooley will preside.

(Whereupon, at 12 o'clock meridian, the subcommittee took a recess, to reconvene Wednesday, February 26, 1964, at 10 a.m.)

EXTENSION OF PUBLIC LAW 480—TITLES I AND II

FRIDAY, FEBRUARY 28, 1964

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON FOREIGN AGRICULTURAL OPERATIONS
OF THE COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met, pursuant to recess and subsequent to postponement, at 10:10 a.m., in room 1310, Longworth House Office Building, Washington, D.C., Hon. W. R. Poage (chairman of the subcommittee) presiding.

Present: Representatives Poage, Cooley, Jones of Missouri, Matthews, Stubblefield, Matsunaga, and Harvey of Indiana.

Also present: Representatives Purcell, Duncan, Hoeven, and Dole. Christine S. Gallagher, clerk; Hyde H. Murray, assistant clerk; John J. Heimbürger, counsel; Robert Bruce, assistant counsel; and Francis Le May, consultant.

Mr. POAGE (presiding). The subcommittee will please come to order.

We are very pleased to have with us Governor Harriman, the Under Secretary of State, and Mr. Bell, Administrator for the AID, with us this morning.

We will hear from the State Department first. We will be glad to hear from you now, Governor Harriman, in regard to Public Law 480.

STATEMENT OF HON. W. AVERELL HARRIMAN, UNDER SECRETARY OF STATE; ACCOMPANIED BY DAVID E. BELL, ADMINISTRATOR; HERBERT J. WATERS, ASSISTANT ADMINISTRATOR FOR MATERIAL RESOURCES, AID; AND JULIUS L. KATZ, DEPUTY DIRECTOR, OFFICE OF INTERNATIONAL TRADE, U.S. DEPARTMENT OF STATE

Mr. HARRIMAN. Mr. Chairman and members of the committee, may I first express to you my very warm congratulations on the wisdom and initiative that this subcommittee has had, the Committee on Agriculture, and the House generally, in developing this food-for-peace program under Public Law 480. In my travels around the world I feel that it has been one of the most effective programs we have in developing good will for the United States and in helping to combat the Communist menace which exists, as you know.

While some people used to think that the increase in our productivity in industry was a great American achievement, more and more people have begun to realize that it is in agriculture that we have made outstanding progress.

Our agricultural abundance is a great American asset. It is both a source of national strength and an indispensable support for an enlightened foreign policy.

The American farmer is one of the wonders of the world. He is few in number in comparison with the farm population in any other country having a major agricultural industry. Yet he is so prodigiously efficient that he produces more, with fewer hands, than any farmer anywhere. His skills and his competence make an immeasurable contribution to the face we present to our fellow men around the world. And this committee has had a great deal to do with making this achievement possible.

The contrast between American agriculture and Communist agriculture is a central political fact in the world. It is a fact that wherever the Communist methods have been applied to agriculture that there has been a dismal failure. In China we know that the 700 million people are living in misery and on very, very low diets because of that failure, and yet you see right across the Formosa Strait free China increasing its production through the development of a program which we helped in and which our farmers helped make more productive. And the same is true in Japan where rice is something like three times the production per acre as compared to what the experience is in mainland China.

After more than 40 years of trial, the agricultural system in the Soviet Union is an evident and utter failure. The Soviets have not been able to make farming a going concern. A farmer in the United States produces more than four times as much as a Russian farmer. We generate a surplus of farm output while the Soviet Union and other Communist states are in chronic and serious agricultural trouble.

The Soviet Union, before the revolution, used to be a substantial exporter of grain, and now they are, as you know, importers.

We should make no mistake about it. Our ability and our readiness to sell wheat to the Soviet Union out of our surpluses, to help to meet a large Soviet deficit, was considered around the world a political triumph for the United States, and for the free nations of the world. Nobody could fail to note that the American system of agriculture had continued to bring forth an enormous volume of production, while Soviet agriculture was in deep difficulty. It is true that there have been certain inclemencies in the last year or two, but basically it has been the failure of the system.

It was right for us to sell the wheat to the Soviets. It was right on humanitarian grounds, it was right as a business proposition, and it was right because it dramatized for the world the measure of our capability in the most basic and widespread industry known to man, the growing of food.

In the developing nations of primary importance is the improvement of their agricultural production, and the example of the United States as against that of the Communist countries is one of our most important assets in battling against Communist subversion, Communist false promises.

The productivity of American agriculture—the demonstrated workability of our system of privately owned farms—our technological and scientific leadership in farming—these factors help to make up the image that the United States can show, and proudly, to the world.

But they would be as nothing if they were not combined with a wise and generous use of our overflowing stocks of farm products.

That necessary wisdom and generosity are the hallmarks of Public Law 480, the Agricultural Trade Development and Assistance Act, which is now before the Congress for renewal and extension. Public Law 480 has given the legislative mandate and direction in a planned and rational way with other countries. It has reflected great credit on our legislative and our administrative systems that we could have devised and managed this policy so wisely and well. We should extend Public Law 480 as a basic expression of our national policy of using farm surpluses in support of the high ideals to which our Nation is committed.

Ever since World War II, we must remember, American foreign policy has had our agricultural strength as a supporting pillar. Our aid to Greece and Turkey, and then the Marshall plan, depend heavily upon the provision of food and other agricultural goods to the threatened nations and shaky economies of Europe. Over \$4.5 billion (out of some \$12 billion) of Marshall plan assistance was in the form of farm commodities. Our postwar aid to Germany and Japan, similarly, consisted in very large part of food and fibers from our farms.

I may say that in 1945 it was obvious that unless we helped the European countries get out of the chaotic conditions that existed there with working capital, to redevelop their production, there was no doubt in my mind that they would fall under the sway of communism. Stalin was turned back and frustrated in his aim to take over Western Europe, and I believe that we can do the same thing in other parts of the world, providing we continue to use our abundance as wisely as has been done in the past.

As we turned from the short-run recovery requirements of the Marshall plan and other postwar aid to the much more complex and long-term problems of the less-developed countries, we found again that the American farmer could provide an essential share of the means for the conduct of U.S. policy. I would not hesitate for a moment to say that the generosity of the American people in using our farm products in the Marshall plan has developed as you well know the largest market for our farm products and a permanent market, and I hope an expanding market in Western Europe. The same, I believe, would be true in other parts of the world as they recover or as they develop their economy.

We have learned that economic development can be fostered and hastened by providing agricultural goods as well as by providing industrial equipment. Our abiding national interest in the progress of the developing countries toward greater well-being and political health is now linked with the application of our surplus farm output to the development task.

Public Law 480 has been a large element in our ability to sustain the Republic of Korea against the ever-present threat to its very existence. The heartening success story of the Republic of China in Taiwan could not have been written without the agricultural supplies made available under Public Law 480. In Turkey, Greece, North Africa, in Latin America, in southeast Asia—wherever, in fact, we find economic development a proper matter for our national concern, Public Law 480 has made and continues to make a vital contribution.

Our policy of encouraging movement toward national independence among Communist countries of Eastern Europe has been strengthened by the availability of farm products under Public Law 480. Yugoslavia runs its own national policies today in considerable measure because we were able to meet some of its requirements for food. Poland accords its citizens more freedom in general and in particular maintains a free agricultural system than is the case in other Soviet bloc states and this is due, among other things, to the Public Law 480 goods we have provided the Polish people.

Also, there is inherent in the Public Law 480 program the danger that it will become a crutch on which governments come to lean. We do not wish our agricultural surpluses to become an excuse for not facing up to the need for better agricultural policies in the less developed countries. It will take wisdom and finesse to avoid this danger in some instances. And I think it has been remarkably successful in almost all places.

These problems bear out the truth that no method of carrying out foreign policy is free of imperfections. But the overwhelming advantage for our national interests and national objectives lies in the continued use of our agricultural commodities along the lines laid down in this statute.

May I say that in Yugoslavia and Poland, for example, the change from the original policies from 85 percent of the land in those countries under private ownership and now in private production, in exact reverse of what it had been in the original plan. Our Public Law 480 program has contributed to the ability to carry out this program and give the people greater freedom than they otherwise would have. I would like to quote from a statement that Secretary of State Rusk made in an address to the Farmers Union Grain Terminal Association in St. Paul. I quote from him:

Our food-for-peace programs are a mighty instrument of security, good will, and peace. They are saving human lives every day * * *.

Food-for-peace programs are not only saving lives, they are serving economic development. They have had a growing role in our programs of assistance to the less-developed nations of the world. Our interest in helping these nations to move forward into the modern world is not humanitarian alone. We want them to move forward because we want a peaceful world. Communism feeds on hunger and frustration; it encourages disruption and exploits chaos. We want orderly progress in freedom—not for ourselves alone but for all men.

Food for peace also serves to develop future markets for American farm products.

I have mentioned the case of Western Europe and other outstanding cases—that of Japan. I have not a breakdown between agricultural products and other products, but I do know that between the years 1956 and 1962 Japan almost tripled her purchases in the United States from some \$600 million to \$1.7 billion and this has been made possible by helping Japan to develop her economic production. Her success in her own production of food has led to her ability to buy more American farm products. And I now continue with the Secretary of State, Mr. Rusk's remarks:

And so, as Secretary of State, I find it very reassuring to have in support the great resources of American farm production. From my viewpoint, our agricultural abundance may be regarded as strategic reserves. In certain crises it can be as valuable as our military Reserve Forces.

The Secretary's eloquent words apply directly to the question now before the House Agriculture Committee. The Department of State

strongly supports the 5-year extension of Public Law 480 and the additional authority which will allow the continuation of title I and title II programs at the levels recommended in the administration bill.

Thank you, Mr. Chairman.

Mr. POAGE. Governor Harriman, we are very much obliged to you. We appreciate your statement.

I think that we will now hear from Mr. Bell, and then from Mr. Waters, if he wishes to be heard, before we go into questioning.

Mr. Bell, we will be glad to hear from you now.

Mr. HARRIMAN. I wonder whether it would be better to finish with me, and then Mr. Bell can go into more detail.

Mr. POAGE. We will be glad to do it any way that you would like, Governor, but my experience has been that we will save time, otherwise we may repeat the same questions. And it will take us twice as long to do it that way. But if you prefer to do it that way, all right.

Mr. HARRIMAN. Whatever the committee desires.

Mr. BELL. It is perfectly all right with us either way you would like to do it.

Mr. HARRIMAN. We are all colleagues, and so it is all right.

Mr. POAGE. We will be glad to hear from you now, Mr. Bell.

STATEMENT OF DAVID E. BELL, ADMINISTRATOR, AGENCY FOR INTERNATIONAL DEVELOPMENT, U.S. DEPARTMENT OF STATE

Mr. BELL. Thank you very much, Mr. Chairman, and members of the committee.

It is a pleasure for me to appear before you today to discuss the importance of Public Law 480, the Agricultural Trade Development and Assistance Act, in relation to overall U.S. foreign assistance as well as the role of the Agency for International Development in the administration of the program.

The wisdom of this committee and of the Congress in establishing the policies set forth in the preamble of this act, that surplus agricultural commodities shall be used “* * * to promote the economic stability of American agriculture and the national welfare” and “* * * in furtherance of the foreign policy of the United States * * *” has been clearly demonstrated in many ways in many countries.

I would like to start with three general points about this program.

First, Public Law 480 makes a vital contribution to American efforts to help build security and promote economic development in the less developed countries of the free world. Public Law 480 programs are today helping free people in many countries to fight Communist subversion, and to overcome the poverty and hunger on which communism thrives. The agency I have the honor to head, the Agency for International Development, counts on Public Law 480 as part of the resources that we can use to further U.S. interests in these countries. It is a major element in our overall foreign assistance planning. For example, Public Law 480 comprises half of the total U.S. assistance furnished to India; one-third of U.S. economic aid to Korea; and provides major support to Vietnam, the Congo, Bolivia, and many other countries. And, with the safeguards prescribed by the legislation to protect the commercial trade of the United States and friendly countries, the abundance of American farms can be used to meet expanding needs without adversely affecting normal trade revenue.

Second, Public Law 480 is basically an agricultural program. The amounts and kinds of commodities made available for Public Law 480 programing are limited to those which the Secretary of Agriculture determines are in surplus supply. The decisions on countries with which title I and title IV sales programs may be negotiated and the size of the programs are made by the Secretary of Agriculture after advising with other U.S. agencies. Close and continuing consultations are essential to assure that Public Law 480 programs meet the criteria for agricultural market development and the objectives of our foreign policy. These consultations are channeled through an interagency committee chaired and staffed by the Department of Agriculture. This committee is advisory to the Secretary of Agriculture on all Public Law 480 agreements.

Third (as Governor Harriman has already pointed out), foreign assistance in the long run builds agricultural export markets. Not only is Public Law 480 important to us in serving U.S. security and foreign policy goals, but nonagricultural aid, capital investment and technical assistance, is also important in building productive capacity abroad which will enable people to buy increasing amounts of American grain, cotton, fruit, and other farm products commercially.

To illustrate, Free China on Taiwan is on the threshold of becoming a self-sustaining economy. U.S. commercial exports to China rose from about \$4 million in 1958 to \$14 million last year and it is expected that our trade will continue to increase. Food-for-peace programs, combined with other U.S. aid, including capital investment and technical assistance supplied the vital ingredients to China in its drive for economic development. Food for peace would not have been sufficient but the combination of help which the United States could supply has enabled China to become a stronger part of the free world and a large market for commercial trade.

From these general points, I would like to proceed to a brief discussion of program administration and operations. AID, that I head, has heavy responsibilities in these areas. At the planning stage, when we are developing the proposed overall aid program, we invite representatives of the Department of Agriculture to participate in the advance review. At the operations stage, we make sure that proposals for Public Law 480 sales and donation programs for each country are reviewed by the U.S. country team, including the agricultural attaché and our AID mission. Final review is made of the proposals by the Interagency Staff Committee on which AID is represented, before final approval is given for the negotiation of sales agreements or donation programs.

In addition, AID is responsible for directing and controlling the use of title I currencies set aside for loans to purchasing countries and private enterprise and for grants for development and defense purposes. A large part of this responsibility is carried out by our AID missions abroad in cooperation with the host governments. In countries which do not have well-defined economic development plans, the AID mission must assume a large degree of responsibility in assuring that the loans are made for priority development purposes.

The systematic monitoring of the use of these funds by our mission controllers is supplemented by periodic audits and inspections by special teams sent out from Washington. The missions are required to

report periodically on the status of these projects, as well as on dollar-financed projects.

The point is that we take very seriously our responsibility for supervising and controlling the use of these currencies.

May I mention an illustration or two of projects which have been financed in whole or in part with these currencies.

For example, the local costs for harbor development in China (that is in Free China—that is in Taiwan) are being financed by a \$2.7 million equivalent made available by the Chinese. The foreign exchange costs are being provided by an AID development grant of \$1.5 million. The resulting expanded and improved harbor facilities will permit more expeditious, safe, and efficient handling of rapidly increasing international and domestic trade.

As another example, in Brazil we have loaned \$16.6 million of Public Law 480 cruzeiros to eight states in the northeast for the construction of schools and for the training of teachers and school administrators. This project is aimed at attacking the massive problem of illiteracy which is a major restraint on the future development of northeast Brazil. As I am sure many of the members of this committee know, the situation in northeast Brazil is a very serious one. There is strong local Communist efforts to achieve a greater position and to gain dominance locally, and efforts like this helped by Public Law 480 currencies are extremely important to the effort to achieve some progress in northeast Brazil through the normal free institutions there.

Title I currencies have made possible a nationwide sugar marketing program in Bolivia which has a revolving credit fund feature. This program has helped make Bolivia self-sufficient in sugar, ending a long-standing drain on foreign exchange. It has contributed to the development of pioneer areas in the eastern lowlands of the country, helping to diversify Bolivia's tin-dominated economy.

In addition to loans, AID administers most of the local currencies reserved for grants for common defense. These funds are an important adjunct to joint military programs in China, Korea, and Vietnam. Section 104(c) as it now stands now permits procurement of military equipment, materials, facilities, and services for the common defense. In order to make clear that this authority can be used to support counterinsurgency programs, such as the strategic hamlet program in Vietnam, and other activities vital to counteract Communist-inspired subversion and insurgency, we are requesting that the reference to military goods and services be deleted in order to permit procurement of any goods and services necessary for the common defense, including internal security programs within that concept.

Each title I agreement—as this committee knows very well—provides that a portion of the foreign currency sales proceeds be reserved for U.S. uses. These currencies are made available to U.S. agencies only for appropriated dollars. These dollars are turned over to the Commodity Credit Corporation. In almost all countries the U.S. use currencies are purchased within a short time after they are generated and little or no accumulation occurs.

Among the 47 countries with which title I agreements have been negotiated, however, there are seven in which there are at present sizable accumulations of currencies for U.S. use in excess of normal requirements. These are Burma, India, Israel, Pakistan, Poland, the United Arab Republic, and Yugoslavia.

Israeli pounds are being used for additional research and educational programs by various U.S. agencies, and a relatively small amount of these funds have been lent to private foundations which will repay the loans in dollars. A large part of the Yugoslav accumulation is being used to help in the reconstruction of Skipje following last summer's earthquake. The unused Polish currency is ultimately to be repurchased for dollars by the Polish Government. We have not yet found a solution, however, to the largest excess currency situation, that in India. We are working on this, and expect to have concrete proposals for putting the accumulation of excess Indian rupees to constructive use ready to lay before the Congress at a later time.

The Public Law 480 legislation wisely provides that in special cases the United States may grant local currencies to promote balanced economic development and multilateral trade. While it is clearly understood that primary emphasis is placed on loans, the grant authority should be preserved to afford some flexibility in meeting unusual situations.

As the committee knows, we have over the last year or so limited very sharply the use of the grant authority and we will continue to do so.

I want also to be frank in stating, however, that there are two countries, India and Pakistan, where we believe it is likely to prove to be in the best interest of the objectives of Public Law 480 to depart from the general policy of limiting grants when we face the necessity for renewing sales agreements with these countries.

Local currencies generated under title I sales agreements may also be used for loans to business firms, under the so-called Cooley loan program named for the chairman of this committee. These loans are very helpful in stimulating additional U.S. investment in developing countries. During the 2 years since AID took over the administration of this program, we have authorized 84 loans, totaling the equivalent of \$91 million in 17 countries. These loans were made for various purposes to U.S. companies and their affiliates and to foreign firms to increase consumption of U.S. farm products. For example, loans have been made recently to expand soap production in the Republic of China; for manufacturing plastics, aluminum products, and tires in Israel; and for pharmaceuticals and hotel construction in Pakistan. The largest Cooley loan authorized so far by AID totals the equivalent of \$17.5 million. This loan was made to a joint venture of two U.S. firms and an Indian company to finance the construction of a \$68 million private fertilizer plant in India.

We favor removing the present 25 percent restriction on the proportion of sales proceeds which can be set aside in each title I agreement for loans to American and foreign private enterprises. The demand for Cooley loan funds is of course much greater in some countries than in others. We believe there may be opportunities in a few countries to use a somewhat greater proportion of Public Law 480 funds to support our efforts to increase private investment abroad.

May I say a word here about our use of the barter authority under Public Law 480. In our efforts to reduce the outflow of dollars and thereby improve the U.S. balance-of-payments position, AID has been following a policy under which over 80 percent of our funds used for commodity procurement have been spent in the United States. This

creates problems in connection with financing the procurement of commodities of which the United States is a net importer but which are essential in the economic progress of developing countries. By using barter to procure those commodities, we have been able to decrease the dollar outflow and increase exports of agricultural commodities. When a decision is made to use the barter technique, AID transfers to the Department of Agriculture the amount of dollars necessary to cover the offshore commodity procurement. The Department of Agriculture handles the transaction from that point. Since last July AID has transferred approximately \$12 million to the Department for this purpose.

At this point I would like to discuss our activities under the important donation authorities of Public Law 480—titles II and III.

As this committee knows, the donation programs are directed toward combating hunger, assisting in emergencies, and helping economically needy people. Our objective in administering these programs is to do more than feed the hungry—it is to help eliminate the underlying causes of hunger. In working toward this goal, we are using American farm abundance not only to combat hunger but to accomplish worthwhile economic and community development objectives as well. As Secretary Freeman stated in his testimony, food for peace has become a capital investment in constructive community development projects. Through school lunch programs it is fostering education. It is truly an investment in human capital.

School feeding programs continue to have a very favorable impact throughout the world. Currently 56 million schoolchildren and preschoolchildren are being fed. And that startles me when we realize that that 56 million children around the world are being helped by our public law commodities.

In Peru reports indicate that attendance has nearly doubled since school-lunch programs were initiated. Furthermore, these programs help to bring about a change in the eating habits of children. We are convinced that as the economics of these countries improve, the children of today will be the customers of tomorrow for the kinds of commodities they are now receiving under Public Law 480.

As a part of the Alliance for Progress a special effort has been made to increase the number of children receiving this help. When this special operation was initiated in August 1962, less than 4 million Latin American children were participating. Now over 10 million children benefit from the program, and this number is expected to reach 12 million by 1965 as our partnership effort under the Alliance reaches its projected goal.

The Latin American governments are contributing annually the equivalent of over \$13 million in cash, food, and services, exclusive of the salaries of the many local people involved in running the programs.

The authority to use food as a direct self-help incentive was written into Public Law 480 in 1960 as section 202 of title II. Under this authority, food is being widely used as part payment of wages for work on projects such as land clearing, building earthen dams, and simple farm-to-market access roads. In addition, food is being provided to farmers and their families while they are bringing new land into production or changing existing land use; to grubstake colonists;

to combat juvenile delinquency and teenage unemployment through work camps, and for many other worthwhile purposes.

Although this program is relatively new, projects of this kind are now active in 22 countries, giving employment to an estimated 700,000 workers and providing food to more than 4 million persons. For example, in Tunisia and Morocco, previously unemployed workers are engaged in extensive reforestation and other public works projects, including building new schools and houses for teachers. About 40 percent of their wages is in food with the balance furnished in cash by their governments. In Bolivia and the Dominican Republic, new settlers are being given temporary assistance in the form of a grub-stake of food-for-peace commodities. Food is enabling these farmers to bring new lands into production and to achieve economic self-sufficiency.

In Bolivia and Ecuador, food is supporting the civil action programs under which local military forces, community leaders, and volunteer workers are cooperating in building schools, roads, air-strips, and in clearing land for resettlement.

In Korea, three U.S. voluntary agencies—CARE, Church World Service, and Seventh Day Adventists—which distribute commodities to relief recipients under title III, are undertaking 18 self-help work projects. These are designed to stimulate community development and take families off relief by transferring some of the former recipients of title III commodities to those work projects. The voluntary agencies handle distribution of food commodities and also provide materials such as cement, steel, and tools for building small dams and irrigation canals with their own resources. The Korean Government provides engineering services and funds for other expenses.

In cooperation with the Philippine Government and CARE, more than 6,000 young men are being put to work on a 1-year reforestation program patterned after our own Civilian Conservation Corps camps of the 1930's. There is widespread need and interest in expanding this program which involves needy and otherwise idle youth in constructive development projects supported by food for peace.

In addition, the United States is participating with other friendly countries in the world food program—a 60-nation attack on world hunger. The United States has pledged a contribution of \$40 million of agricultural commodities (at world market prices) and \$10 million in cash and services, to this \$100 million 3-year trial program. The U.S. commodity and transportation commitments are made under title II and the cash contribution is made with AID funds. The world food program organization began operations in January 1965 and although a number of significant emergency relief and economic development programs have already been undertaken, the bulk of programing of the U.S. commitment should fall in the next calendar year.

We are currently operating title II programs at about the \$300 million level, at CCC cost, but many projects have been undertaken thus far on a pilot basis and are now ready to be expanded. The program has proven its merit and the need and potential for continued effective programing are great.

Therefore, we urge approval of the increase from the \$300 million per year level to \$450 million per year. This amount, plus the carry-over from prior authorizations, will permit an expansion of the self-

help and food-for-work concepts and will facilitate the shift away from the relief approach.

Under the donation provision of title III, American voluntary agencies and intergovernmental organizations furnish in cooperation with foreign governments food assistance to 77 million people. In conducting these programs, the closest possible collaboration has been fostered and maintained with these agencies, which include CARE and the church-related groups and intergovernmental organizations such as UNICEF.

The agencies provide other necessary supplies made possible by cash contributions of U.S. citizens, as well as citizens of other countries abroad, amounting to more than \$65 million last year. In addition, these U.S. private agencies are now maintaining overseas more than 700 U.S. citizens as field representatives—trained and paid by the voluntary agencies—to develop and supervise operations. They also employ more than 4,000 local personnel and are supported by more than a million volunteers helping with the distribution of the food and other resources.

The Agency for International Development is seeking to assure effective use of these food-for-peace resources. There are currently 38 food-for-peace officers or assistants working in 23 countries. In each of the other countries or territories in which titles II or III programs are conducted, an employee of the U.S. AID mission or the U.S. diplomatic mission has been designated as acting food-for-peace officer.

In addition to the work of the food-for-peace officers, comprehensive field audits of Public Law 480 titles II and III programs are made periodically by AID auditors attached to the oversea mission controller staff. Our objective is to audit these programs once a year. The audits are made to ascertain that programs are operated in accordance with agreements, U.S. government regulations and sound business practices. Voluntary agency staffs and foreign governments also make periodic observations and checks of the programs.

As I conclude this statement, I would like if I may—I want to underscore the fact that while Public Law 480 plays a major role in the U.S. effort to assist developing countries establish and maintain free economic and social institutions, it is basically an agricultural program. At the same time I also wish to emphasize the benefits that accrue to the United States and to the developing countries when we combine agricultural and nonagricultural resources—an essential combination if the developing countries are to maintain their place in the community of free nations.

I appreciate very much this opportunity to discuss our role and activities in the administration of Public Law 480, and I would be glad to respond to any questions the committee may have.

Thank you.

Mr. POAGE. We are very much obliged to you for your statement, Mr. Bell.

Mr. Waters, do you want to make a statement?

Mr. WATERS. No. Mr. Chairman, thank you.

Mr. POAGE. I take it that probably the best way would be to let the subcommittee members direct questions to the panel rather than to personalities. I would like to ask Chairman Cooley, who is with us this morning, if he has any questions?

Mr. COOLEY. I thank you very much, Mr. Chairman, but I prefer for you to go ahead first. I may ask a few questions later on.

Mr. POAGE. Thank you.

Mr. HOEVEN, our ranking minority member, is with us this morning. You might want to ask some questions, Mr. Hoeven.

Mr. HOEVEN. Thank you, Mr. Chairman.

I note that you recommend a 5-year extension and that Mr. Bell makes no recommendation. What is your position, Mr. Bell?

Mr. BELL. I join in that recommendation, sir.

Mr. HOEVEN. Why should it be extended for 5 years, instead of a 3-year period?

Mr. HARRIMAN. Congressman Hoeven, we feel that in these programs it is wiser to plan ahead. I think that the Department of Agriculture can explain why it is important, for the Department itself should know what the policy of the Congress will be in regard to this legislation. It is a more orderly planning that should be carried on in a more orderly fashion within our own country and also in connection with the programs abroad.

Mr. HOEVEN. Governor Harriman, you expressed some concern about the intent of Public Law 480. On page 4 of your statement you say, and I quote:

Also, there is inherent in the Public Law 480 program the danger that it will become a crutch on which governments come to lean. We do not wish our agricultural surpluses to become an excuse for not facing up to the need for better agricultural policies in the less developed countries. It will take wisdom and finesse to avoid this danger in some instances.

In the light of your statement, do you not think that Congress should be permitted to periodically survey this entire program and not extend it for too long a period?

Mr. HARRIMAN. I think it has been administered very well. And I think that this subject has been before those who are administering the law constantly. And here, again, it is better to have the longer term program. It will be phased out as the countries expand their own resources in order not to be over a longer period of time—dependent upon the assistance that is given under this program. I think a shorter program would be more difficult to administer—would be more difficult for other countries to make their plans in order to become less dependent and, eventually, not at all dependent upon our assistance.

Mr. BELL. Could I add one word to that?

Mr. HOEVEN. Yes.

Mr. BELL. Speaking for my agency—and I am sure also speaking for the executive branch—we would be delighted to review the situation and the progress under the Public Law 480 program at any intervals that this committee would like. We would be delighted to have an annual review or any other periodic discussion of exactly how things are going, what the commitments have been, what the progress is, what our problems are, and so on, so that the length of time for which the program is authorized, it seems to me, can be distinguished from the possibility of congressional review at shorter intervals.

Mr. HOEVEN. Mr. Bell, I think it would be fair for me to say that the Committee on Agriculture is rather jealous of its rights and prerogatives.

Mr. BELL. I am sure that it is, sir.

Mr. HOEVEN. Public Law 480 after all, was written in this committee.

Mr. BELL. That is correct.

Mr. HOEVEN. When Public Law 480 first came into being it was a program to get rid of surplus agricultural commodities. Now we seem to be getting far away from the original intent of the law and are now converting the program into a worldwide welfare operation.

I note in your statement, Mr. Bell, that you say that Public Law 480 is basically an agricultural program, and as far as I am concerned it should stay that way.

Mr. BELL. Yes, sir.

Mr. HOEVEN. And for that reason it would be the better part of wisdom for the committee to keep a careful watch on the program and not extend the law for too long a period. A law once placed on the statute books means that we may have to struggle to get changes which we may deem necessary.

Mr. BELL. I simply wanted to make clear, sir, that we are prepared and available to the committee at any interval that the committee may wish.

Mr. HOEVEN. I understand. It is much easier to review the law periodically than to grant a long extension of time.

Mr. BELL. Yes.

Mr. HOEVEN. Thank you.

Mr. POAGE. Thank you, Mr. Hoeven.

Mr. HARRIMAN. May I say that I think that the Secretary of Agriculture is in a better position than we are to explain, from his standpoint, why the longer period is important to the program.

Mr. POAGE. The Secretary did appear and expressed his desire for a 5-year program. He did appear and suggested the 5-year program.

I want to ask Mr. Bell a question on a collateral matter. You mentioned that large Yugoslavian accumulations are being used in reconstruction in Skopje in relation to last summer's earthquake damage.

It happened that several of our members were in Skopje last fall. We had discussions with various agencies after we got back in this room. I wonder just what you can tell us about what is actually being done at the moment.

Mr. BELL. Yes, sir. There was a very substantial emergency program. You and the others who visited Skopje, and were on that special committee will recall that help was extended, which included the Army medical unit that was flown in immediately and did such a remarkable and constructive job, and plus that we flew in various other items for tiding the people of Skopje over the winter—tents and blankets and that sort of thing. As the fall and winter went along we also found it possible to ship down there and erect a group of demountable buildings, Butler buildings, they are called, which our military forces had in Germany I think it was—anyway, they are now in Skopje and are either all erected or in the last stages of being erected to provide emergency housing for some of the people who lost their homes in the earthquake.

Mr. POAGE. Can you tell us how many people were housed in that way?

Mr. BELL. I am sorry that I do not have the figure in mind.

Do you, Mr. Waters?

Mr. WATERS. I do not have it.

Mr. BELL. It is several thousand, however, Mr. Chairman. We will supply the exact figure if we may for the record.

Looking beyond the immediate tiding of those people over the winter we have been working with the Yugoslav authorities as they have prepared longer term plans for rebuilding the community, rebuilding the schools and the public buildings with sewers, water supply, and so on, as well as houses, and it is in that connection that the bulk of the dinars will be made available from the United States, so that the bulk of our funds will contribute to the permanent reestablishment of a community there with public buildings and schools and other facilities probably being the main specific items which we will help to pay for.

Mr. POAGE. That envisions other work for the dinars?

Mr. BELL. Yes.

Mr. POAGE. Do you have any idea exactly how much has been transferred?

Mr. BELL. I do not have that in my head. I will supply it, sir, for the record, if I may.

Mr. POAGE. I would appreciate it if you would.

Mr. BELL. Yes. I would doubt very much if they have yet been transferred.

Mr. POAGE. I would, too.

Mr. BELL. Because they are to be devoted to the permanent work of reconstruction.

Mr. POAGE. On the permanent work of reconstruction, it was the feeling of the members of the committee that there should be something done of a nature that would tie that in with the United States.

Mr. BELL. Yes.

Mr. POAGE. That is, in the eyes of the public.

Mr. BELL. Right.

Mr. POAGE. What has been done to achieve that—anything?

Mr. BELL. This was a point which we took very much to heart following our discussion with this committee. We had engineers in Yugoslavia and I believe an architect also, working with the Yugoslav authorities who are laying out the general plans for reconstruction. It was our hope—and it is our expectation—that a way will be found. One suggestion made by this committee which is under study was to build, as I recall it, apartment buildings which would be identified with various American States. This is one alternative.

We also have thought about the possibility of schools being especially selected and identified as the major recipients of the U.S. assistance. In answer to your question, the decision on this point has not as yet been taken, but I will be glad to give you any more details of the status reports. And I can assure you that we have this matter very much in our mind.

Mr. POAGE. We would like to have whatever the decision is.

Mr. BELL. Yes.

Mr. POAGE. I would like to point out to you that you are not going to spend \$50 million worth of dinars to build schools and the like. We do not have \$50 million worth of school buildings in many towns which are as large as Skopje, here at home.

Mr. BELL. That is right.

Mr. POAGE. We are not going to build \$50 million worth of school buildings in Skopje, Yugoslavia.

Mr. BELL. That is right.

Mr. POAGE. We are going to have to spend that money for something else.

Mr. BELL. Yes.

Mr. POAGE. That is a lot of money.

Mr. BELL. Yes, sir.

Mr. POAGE. For that kind of purpose.

Mr. BELL. Yes, sir.

Mr. POAGE. I would suggest again as we suggested last fall, that we think that we are probably putting up too much money too late, using less money promptly would, in my judgment, create a great deal better feeling toward the United States. Next year the emergency is no longer there, and the attitude then is going to be simply what can we get from Uncle Sam. Last fall and early winter it was what can Uncle Sam do for us or what is he doing for us. The people then were grateful. We should not wait until next summer to make the decision. I think that you had better make a bad decision rather than wait around until a year has passed.

Mr. BELL. May I add that the immediate effect of the work that we did last winter with the hospital, with the tents and blankets, with the food that we put in there, with the Butler buildings, was done rapidly.

Mr. POAGE. It did help.

Mr. BELL. It had the effect it should have.

Mr. POAGE. It did help. You have got \$50 million worth of dinars. It does not seem to have any relationship to the catastrophe in the eyes of the public when we cannot make our minds up whether we will rebuild these apartment houses or what we will put there. We do not have to be exact about it. I am perfectly willing to name it Abraham Lincoln. He was not the greatest hero down in my part of the country, but I am perfectly willing to have you use the name of Eisenhower, and he was a most popular politician in my area, but we can use any names associated with the United States, and I am sure that my colleagues over here are willing to use the name of John Kennedy in connection with it, but let us put a name on there, whether it be Alexander Hamilton or Thomas Jefferson—you have room to use them all—put their names on there.

Mr. BELL. Right.

Mr. COOLEY. Will you yield?

Mr. POAGE. Yes.

Mr. COOLEY. When we came back from Skopje last fall we had a meeting here.

Mr. BELL. Right.

Mr. COOLEY. At that time our Government had gone on record that we were giving \$50 million. There was a lot of talk—we flew down medical units from Germany in a very short time, and we flew down American nurses. There were people living and sleeping on the ground and winter was coming on. However, when we came back we had not done anything except to send the medical unit there. I would like for this record to show what we have done through the winter and up to now—how much of the \$50 million has actually been made available. I think this committee has a right to know.

Mr. BELL. I will be delighted to put a full statement in the record, including a direct response to the chairman's question about what we are going to identify with this.

Mr. COOLEY. You should have moved in there the moment this thing happened. It was one of the greatest opportunities for us to show compassion for suffering humans. All of the world's eyes were on Skopje and yet you were talking. We authorized \$50 million worth of dinars, and up to that time not a single dinar had been spent. Now we want to know what we have done since then.

Mr. BELL. We have done a good deal, sir. We put in a large quantity of tents, blankets, and other relief goods.

Mr. COOLEY. How about food? These people did not have food.

Mr. BELL. We put in a lot of food over the winter and fed a good portion of the people who needed help through this bad winter. We also put in other things. And in response to the strong feelings expressed by this committee we cut a fair amount of redtape and put these Butler buildings down there which came from Germany, we put them up so that there would be actually better shelter than they would have with tents against the winter weather. I do not mean to claim perfection by any means, but we have moved a good bit, and I think we share the feeling of the committee that we should move to have an impact in Skopje over the winter.

Mr. COOLEY. Will you provide the information to us?

Mr. BELL. We will do that, sir.

Mr. POAGE. Mr. Hoeven?

Mr. HOEVEN. I had the privilege of visiting Skopje last September, along with other members who have spoken. Winter was then approaching and many people were homeless. They were definitely in need of permanent housing. We visited one tent city in Skopje where there were 10,000 people living in tents, and some of them were pup tents. Have they disappeared or are they still there?

Mr. BELL. I assume they are still there, Mr. Hoeven. I will have to check the point.

Mr. HOEVEN. Have you built a single permanent dormitory to take care of these homeless people?

Mr. BELL. Yes, sir; we have.

Mr. HOEVEN. What have you done?

Mr. BELL. We brought these demountable so-called Butler buildings down. They are rather like a square quonset hut. We put up several hundred of them, as I recall.

Mr. HOEVEN. How many of the 10,000 homeless in tents have you put into more or less permanent housing?

Mr. BELL. I will submit that for the record, the exact details on that. I apologize for not being better prepared. I will get that for you.

(The information referred to follows:)

U.S. GOVERNMENT ASSISTANCE FOR SKOPJE

On Friday, July 26, 1963, an earthquake of disaster proportions struck the city of Skopje, Yugoslavia. Reports there indicated almost the entire population of 220,000 was left homeless and that approximately 80 percent of the city's buildings were destroyed or rendered unfit for use.

The President of the United States sent a message to President Tito, July 27, for the people of Skopje. The message said:

"I have learned with sorrow and concern of the earthquake disaster in the city of Skopje and the tragic loss of life that has occurred. The sympathies of the American people go out to those who have suffered from this catastrophe. The

American Government and people stand ready to help. I have accordingly instructed our Ambassador to establish close communication with the Yugoslav authorities in order that every appropriate means of assistance from this country may be utilized to alleviate the suffering and hardship in Skopje. I have also asked the Secretary of Defense to notify our military authorities in Europe to offer whatever assistance is possible and practicable."

The U.S. action to carry out the President's instruction has had three principal features, corresponding to the three time phases in which assistance to Skopje is needed (a) immediate emergency relief for the earthquake victims; (b) measures to help house the refugees through the winter months; and (c) longer run reconstruction of the city itself. The U.S. assistance to the immediate relief problem was in the form of food, hospital facilities and medical supplies, and blankets and tents. The help to the winter housing problem was provided through the supply and erection of 253 Butler buildings. Assistance for long-range reconstruction was offered by a pledge of \$50 million equivalent from Public Law 480—generated dinars by Secretary Freeman during his visit to Yugoslavia in August 1963.

Yugoslavia has expressed its sincere appreciation for the U.S. contributions to Skopje disaster assistance. The emergency relief help and the Butler buildings for winter housing have constituted an appropriate U.S. share of the multinational assistance to Skopje's immediate needs. According to latest information, no citizens have been living in tents since January 1, 1964. Many are still living in overcrowded conditions, but this situation will be alleviated as current Yugoslav plans for semipermanent housing construction are completed.

(a) Emergency relief

Within 60 hours after the earthquake, a Department of Defense 120-bed field hospital, with 19 doctors, 30 nurses, and 138 technicians was on the scene caring for the most serious casualties.

On July 27, the U.S. Government, in cooperation with CARE, Church World Service and Lutheran World Relief, began the movement to Skopje of some 11 million pounds of foodstuffs, made available under Public Law 480, including 1,838 pounds of milk, 7,787,000 pounds of flour, 268,000 pounds of beans, 250,000 pounds of shortening, 819,000 pounds of butter oil. This was sufficient to feed 175,000 people for a month and 40,000 schoolchildren for 8 months and insured that there was no hunger in Skopje this winter.

In addition to the U.S. Government donations of food, medical supplies, blankets, and tent-type shelters, substantial nongovernmental help was given by numerous U.S. voluntary agencies and private citizens.

(b) Winter housing

Representatives of AID, USDA, and DOD appeared before this committee on September 26 to discuss activities associated with the Skopje earthquake. We assured the committee that we would reexamine the possibilities for additional assistance to the earthquake victims, especially for winter housing before the full reconstruction could be accomplished.

On November 22, 1963, following this review, the 150-man U.S. Army 39th Engineer group began erection of 253 Butler-type buildings in Skopje to be used for housing about 5,000 persons and for schools, nurseries, and orphanages. About 60 days later, the last of the 253 buildings was completed. The ceremony, on February 10, 1964, transferring the buildings to Skopje city authorities was given wide coverage in Yugoslavia through radio, TV, and newspapers. Mr. Vilko Vinterhalter, Secretary of the Federal Secretariat of Information, in a speech before the departing U.S. detachment and other United States and Yugoslav representatives during another ceremony at the Belgrade railroad station said:

"I wish to thank you for everything you have done for the people of Skopje, for the people of Macedonia, for the people of Yugoslavia * * *. We saw on television here, we heard on the radio, and we could read in the newspapers how wonderful was your work in Skopje. The hundreds of buildings you erected in Skopje * * * will be a lasting testimony to your work * * *. We will look upon the buildings you have left behind in Skopje as a memorial of the American willingness to help the Yugoslav people * * *."

The Voice of America, which since the emergency began has given top coverage to U.S. assistance efforts in Skopje, played back the Vinterhalter speech to the Yugoslav people over a 24-hour period in both the Slovene and Serb-Croatian languages.

(c) Reconstruction of Skopje City

Secretary of Agriculture Freeman visited Skopje on August 9 and reported as following:

"I visited Skopje on August 9. I was dismayed at the damage and saw for myself that most of the buildings still standing are not usable or reparable. There are more than 100,000 people homeless. It became very clear to me that the tasks of sheltering the people and almost completely rebuilding the capital of the Macedonia Republic—an important commercial, industrial, administrative, cultural, and educational center—will be staggering and this new burden will have very serious effect on the entire Yugoslav economy and its development program.

"The United States has been privileged to help during the emergency phases with medical assistance, food, and temporary shelter.

"It was dramatically clear to me that the brave and resourceful people of Skopje already are beginning the difficult task of rebuilding their fine city. I was glad therefore to be able to inform President Tito that following urgent consultation with my colleagues in Washington, I have been authorized to offer Yugoslavia additional financial resources to the value of \$50 million toward relieving the economic burden of the disaster. The additional resources are derived from dinar funds owned by the United States as the result of sales during recent years to Yugoslavia of our surplus agricultural commodities under our food-for-peace program (Public Law 480). These dinars originally had been set aside under sales agreements for the exclusive use of the United States. They will be made available on this basis: \$25 million (equivalent) as a grant and \$25 million (equivalent) as a long-term loan. These funds will be used for the relief and rehabilitation and reconstruction of Skopje.

"President Tito has asked me to express to the President and to the Government and people of the United States the appreciation of the Yugoslav Government and people for our contribution to the relief of Skopje."

In the initial planning last fall it was contemplated that these U.S. dinars would be used for the long-range reconstruction of Skopje, which would require a completed plan for the systematic rebuilding of the city and allocation of the U.S. funds to a specific segment of the rebuilding plan. The plan itself was to be drawn up during 1964, and the construction activities would stretch over a period of 3 or 5 years. The United Nations Special Fund is assisting the Yugoslavs in the preparation of the long-range planning and an American expert has been selected as the head of the United Nations advisory group. Negotiations on specific uses of the U.S. dinar funds for this reconstruction effort were opened with the newly appointed Yugoslav coordinator of Skopje's finances during the November visit to Skopje of an AID Washington official.

However, in late January our Embassy recommended acceptance of a Yugoslav suggestion that the \$50 million of U.S. funds not be applied to the longer range reconstruction but be used instead during 1964 for semipermanent prefabricated structures, now being built or to be started shortly by Yugoslav contractors. These would meet the needs of the Skopje population during the reconstruction period and would include family housing units, schools, nurseries, libraries, and other community facilities for which architectural and engineering planning are underway by Yugoslav agencies. We have agreed to this shift in purpose in the belief that meeting these interim requirements is fully as necessary and important as the longer range full reconstruction and will enable earlier effective use of the U.S. contribution. We have asked our Embassy in Belgrade to submit urgently specific proposals for the structures to be thus financed and the measures to show U.S. identification with the financing of these structures. These will be incorporated in one or more project agreements to insure that the funds are used as intended.

We do not now contemplate any additional U.S.-financed engineering or technical services other than that previously provided by the U.S. Army Engineers in connection with the Butler building erection. It is estimated that total outlays will reach about \$200 million by December 1964 for both expenses of rehabilitation and the costs of semipermanent buildings, toward which it is anticipated that most of the \$50 million in U.S. dinar funds will be committed before June 30, 1964, to buildings identified with this U.S. contribution to Skopje relief and reconstruction.

The actual transfer of these dinar funds awaits only the following: (a) Yugoslav Government agreement on the necessary amendments to prior year title I sales agreements and the loan agreement required for the \$25 million loan portion, (b) allocation of funds to specific building projects as mutually agreed

upon by both Governments, and (c) agreement on the appropriate method for demonstrating U.S. identification with the building projects thus financed.

Mr. HOEVEN. There were all kinds of tents. I was amazed to find one old couple living in an American pup tent with the bare ground as a floor. Our Government apparently has done very little about taking care of that situation. I hoped that you would have accomplished a great deal by now so I am rather disappointed in your progress report, may I say.

Mr. POAGE. May I pass on to another matter that I would like to clarify. I appreciate Mr. Bell's very frank statement about this matter of making advance. It seems to me that Public Law 480 provides for whatever is necessary or desirable for the making of gifts or grants or donations. I think that you read it correctly. I distinguish between grants and donations. I appreciate the way you approached it. I think it is one of the fairest talks we have had presented to us, but I would like for you, Governor Harriman, Mr. Bell, or any of you who feel that you care to answer, to explain just how you reconcile the making of grants under these title I arrangements and how you feel that it affects the economics of the thing. I may be completely wrong. I suppose that I am, but it seems to me that any time you make a grant in connection with the purchase of a commodity at world prices—you, in effect, have lowered the world price.

Mr. HARRIMAN. I wish that you would answer that.

Mr. BELL. I believe, sir, that the conclusion of the Department of Agriculture has uniformly been that we have not in any of the cases where grants have been made had the effect on world prices that you speak of, that you fear. The commodities are sold to the consumers in these countries or to the importers first, and then on to the consumers at the world prices. Those are normally private traders. And the commodities move in private trade. The total amount that is imported under Public Law 480 arrangements, whether there is a grant or a loan involved in the use of the local currencies—the total has to be in addition to the normal market and it has to be ascertained to be in such manner as not to affect the ordinary market that would otherwise exist. So that the Department of Agriculture, sir, as I understand it considers that that part of the transaction does not affect the world price.

Mr. POAGE. It seems to me—and again I may be completely erroneous—that you are telling us that you cannot sell at the world prices when you are dealing with India who never bought any wheat from the United States before. And now, I suppose, that she is the largest buyer from us in the world.

Mr. BELL. Probably is.

Mr. POAGE. And never paid for a bushel of wheat with dollars that I know of. So that when we talk about normal markets when we talk about that transaction it means nothing, because before they purchased about 29 or 30 million bushels of wheat from Australia and they are now purchasing 1 or 2 million. So we certainly are not protecting Australia's normal markets. We are not protecting America's normal markets, because we do not have any. So it is utterly meaningless to tell us that you are protecting the normal markets. That is utterly meaningless in this case. I understand that there are some cases where we have done that with smaller countries, but India accounts for what,

a third of our total wheat movement? It is something on that order, is it not, sir?

Mr. BELL. I thought that it was perhaps one-quarter.

Mr. POAGE. Whatever it is, it is a tremendous transaction.

Mr. BELL. Yes.

Mr. POAGE. And there is nothing to this normal marketing in the case of India or Pakistan. They were not buying any from us before. Consequently, you are protecting nothing. And when we sell them this wheat and the world market is \$1.50, and we sell it to them for \$1.50, and then tell them that they will give them back 50 percent of the price, we are actually selling it to them for 80 cents or 80 cents a bushel; are we not?

Mr. BELL. The wheat moves in India and Pakistan at the world market price. The consumers buy it at the world price.

Then the currency that is received is in the case of the current agreements with India and Pakistan—a substantial part of it—as you said, is granted to the Government as a contribution to their economic development, so that it is quite accurate if you wish to say it that way, that the Government is not paying us \$1.50—it is paying whatever it is, 85 cents, but I thought that your question, sir, was directed to whether the net effect of that was to reduce the price of wheat in India.

Mr. POAGE. It is.

Mr. BELL. Not to the consumer, sir.

Mr. POAGE. The Indian Government buys the wheat.

Mr. BELL. Right.

Mr. POAGE. It is not buying privately. They do not have a Cargill or a Continental or any of those companies. They have a Government buying agency, do they not?

Mr. BELL. Yes, sir.

Mr. POAGE. The Government buys the wheat?

Mr. BELL. Yes.

Mr. POAGE. If the Government can get the wheat for 85 cents from the United States, it may be perfectly true that the Government would be able to exact a greater profit out of their people by reason of our concession, but they handle that wheat the same as if they were getting it for 85 cents, do they not?

Mr. BELL. No, sir.

Mr. POAGE. They do not buy a bit of Australian wheat, and once they bought about 30 million bushels. They have ceased to buy Australian wheat. If they had to pay \$1.50 for the Australian wheat, they would buy the wheat that is the cheapest for them. And we would do the same thing. I am not condemning the Indian Government for doing that. I would do the same thing. They buy wheat where it costs them only 85 cents a bushel, and that is from the American Government, and it means that we take over that trade at a tremendous loss. And the prices that the Indian Government charges, that it must in order to get back enough for their purchase, is not based upon \$1.50—it is necessarily based upon 85 cents. They may actually get back more than that. They may actually gouge their consumers. They may exact an unconscionable profit from their own people, but they only have to get back the 85 cents, which is all that they have to pay out—that is all they have to get back.

Mr. BELL. I think that under our statute and regulations, sir, they have to get back \$1.50 at the world market price, assuming that is what

it is at the Indian ports. The disposition of the currency that they receive and that they pay us at the rate of \$1.50 is then a question for us to decide with the Indian Government. Some of it we lend to them. Some of it goes directly to U.S. users, and some of it under the current agreement, a substantial part, is granted, but the price in India of wheat is \$1.50. It is not 85 cents. And if you and I were a consumer we would be paying \$1.50. The U.S. Government is maintaining the world price of wheat in India, not undercutting it by this transaction.

I repeat that you are entirely correct that the net cost to the Indian Government, insofar as we have agreed that soft currency should be granted to other budget purposes, development purposes in India, can be calculated at whatever it is; 85 cents, say, but the price level of wheat at the Indian ports and in the Indian internal markets is not undercut. That is the only point I am trying to make.

Mr. POAGE. I think that I understand your point. I am not finding fault with it. Is that a part of the sales agreement with the Indian Government?

Mr. BELL. Yes, sir; they deposit the full market price, U.S. f.o.b. plus the freight.

Mr. POAGE. And that is \$1.50?

Mr. BELL. That is right. They deposit all of that to an account in Indian financial institutions that we jointly control with the Indian Government.

Mr. POAGE. And then we turn it back and give them a check for 42 percent?

Mr. BELL. We have been doing that under the current agreement, right. It was signed in 1960.

Mr. POAGE. What I want to know now is, does the agreement, the trade agreement with the Indian Government set forth the price at which that wheat moves into the private trade in India? I do not know at what point it moves. I do not know whether the Indian Government operates the mills, or whether it moves at the time of the baking of the bread. At the time that it moves into private trade does the agreement provide the price level at which it moves?

Mr. BELL. I thought that it did. My colleague, who is an expert on this, says that it does not. The agreement does provide the price at which the Government purchasing agent pays for it to the U.S. Government.

Mr. POAGE. I understand that, but that means nothing if they get a rebate. In the United States it would be an unfair business practice to give that rebate.

Mr. BELL. The grant is not made to the Government purchasing agent. So far as we make grants with the currency that is deposited into this joint account we make the grants to the Indian Public Works Agency for building an irrigation project. We may make a grant to the Indian Educational Department in connection with their school system. We do not make a grant to the Indian grain purchasing agency. If, as I assume, they are operating and are required to operate by the Indian Government without loss, our grants to some other Indian Government agency does not help them at all.

Mr. POAGE. The Humble Pipeline Co. and the Humble Refining Co. are different agencies, of course, but so far as I am concerned it is just the same kind of rebate if I pay it to the pipeline company as if I pay it to the finance company or to Esso.

Mr. BELL. Yes.

Mr. POAGE. So far as the effect on the market is concerned it seems to me that it is just the same whether we pay it to the Indian Department of Commerce or the Indian Department of Agriculture.

Mr. BELL. I do not think so, Mr. Chairman. I am not at all arguing that there is no benefit to the Indian Government from our grant. Obviously, there is a very substantial benefit. All I am arguing is that, as I understand the way the system works, there is no reduction in the Indian grain price which results from this.

Mr. POAGE. You do not have any agreement that there will not be. Why is there no such agreement?

Mr. BELL. I believe that the situation is that such an agreement is not necessary, because the purchasing agency, which is a unit of the Indian Government, has to pay into this joint account. This is specified in the agreement. They have to pay the f.o.b. price plus the freight. And that purchasing agency in turn is not subsidized, but operates on a no loss, no profit basis; and, therefore, they must charge to their buyers who are private purchasers of one kind or another, the mills and the wholesalers and so on—they must charge a sufficient price to recover the amount that they have to pay out; and, therefore, that string of transactions is a clear and definite transaction all the way at the world market price.

Mr. POAGE. I hope that you are right.

Mr. BELL. I would like to doublecheck this and nail it down tight in the record, if I may, sir, but I believe that this is the way it works. (The information referred to follows:)

I have rechecked my testimony on the question of the price at which imported wheat is sold in India and, in line with my request to the committee, would like to submit the following supplemental statement:

Wheat imported into India, including that imported under Public Law 480, is sold at prices fixed by the Government of India as part of its national policy of supporting prices to producers and stabilizing prices to consumers rather than at actual cost. The relationship of the fixed price to the cost of the imported wheat varies from time to time depending upon wheat prices and ocean freight costs. Currently the fixed price is \$2.14 per bushel compared with the landed cost of Public Law 480 wheat of \$2.07 per bushel and about \$1.90 per bushel for Australian wheat.

Mr. POAGE. You may do that, but I hope that you see our concern here. We passed a bill which specifically contemplated that we were not going to affect the world price.

Mr. BELL. Right.

Mr. POAGE. That we were going to maintain the world price.

Mr. BELL. Right.

Mr. POAGE. And I think that it is extremely desirable not only for the United States but for every underdeveloped country in the world to do business at the world price and that it is more important to them than all of the aid that we can give them.

Mr. BELL. I entirely agree.

Mr. COOLEY. I understood you to say that these grants do not demoralize.

Mr. POAGE. I thought that he said that, too.

Mr. COOLEY. Maybe he is right. It does not demoralize world prices, because if the ultimate recipient purchaser pays the world price, the recipient does benefit, because he gets a lower price.

Mr. BELL. That is right. That is my understanding.

Mr. POAGE. I think all of that is true if we are certain all of those steps are followed one after the other as he says. I am suggesting that it was the original purpose of this committee to tie it down, so that they would have to do that, so that there could not be any leakage.

Mr. BELL. Right.

Mr. POAGE. I am not suggesting that they are trying to demoralize the world prices, but I am suggesting that this procedure is not in line with the formula that this committee set up to protect world prices, that it is the opposite. And it seems to me to be a very dangerous thing to do. We thought that we had locked the door. Nobody has opened the door. They have not opened that door, but they certainly can open it. And if I want to keep people out I want a locked door. That is all I am talking about, Mr. Chairman. And the further fact that this thing, although you tell us in good faith that you try to circumscribe the extent of this practice, I have been reading the summaries of these arrangements that have been made with various countries week by week, and I have noticed that every one of them in recent months has had some kind of grant in it. Generally, they are small. It has been 5, 10, 15 percent as against the 42 percent the Indian Government got, but they have been in here consistently with a part of the money. Of course, that means horse trading the world over. That means that when Pakistan finds that India is getting 42 percent, they say that, "We should get 42 percent." You cannot answer that, Mr. Bell, nor Mr. Harriman. You have got to deal generously with Bolivia as you have with Pakistan. Of course, you have to.

Mr. BELL. No, sir, Mr. Chairman. I am in this business, and every day in the week I am telling a country, "No, your situation is different from the next fellow's situation." We do it on our ordinary economic assistance business. We set different terms for loans, depending on which countries are stronger and which are weaker. In this particular situation we are restricting the amount of the grants very tightly and we have no hesitation whatever in saying to one country, "No, sir, you are not entitled to any grant," and to another country, "It will be a little bit," and only in India's case and in the Pakistan case at the present time are there substantial grants.

The reason there are some grants, sir, in many of the agreements is in large part because, as you know, we are engaged in a number of countries in military relationships with them. In Korea, and in Vietnam, in various other countries, the military common defense element comes in. That, of course, is something else.

Mr. POAGE. I am not contending that you cannot trade and get something in return. Unfortunately, you do not get the things in return. In too many cases it seems that you do not want to get something in return. I cite to you the recently negotiated Australian meat situation. We gave little and we got little. We got exactly what we paid for and we did not pay much of anything, so we got nothing much. We simply guaranteed to Australia and to New Zealand the right to import as much meat as they had been importing for the last several years, and they in turn said, "We will not send any more in than we have been sending. We will just freeze things right where they are."

We did not roll anything back. We could not have rolled anything back without giving any concessions. We could very well have made concessions. It would not have cost us anything in the world to give

them some sugar quota but I was told that we did not want to put it on a trading basis. We did not want it to be on the basis of trading with people. Why should we not trade with people?

Mr. BELL. Australia fortunately is not a country which has received any assistance.

Mr. POAGE. I know that.

Mr. BELL. Therefore, I do not know about that.

Mr. POAGE. But it does go to the point that you do not want to trade with these people who say, "We will give you something in return for your giving us something."

Mr. BELL. I would like, if I might respond briefly to that sir, because we have tried—and I have personally participated in this—and we have obtained substantial gains for what we are trying to accomplish under Public Law 480 programs. For illustration, you will recall that in Iran—about a year ago—the Shah undertook a very major land reform program. One of the things all of us in the United States who were watching this situation felt would be important to make land reform effective and to make the new owners of the land, the small owners, able to conduct viable farm operations, would be to establish a good agricultural credit system. We were able to persuade them to set up a good and effective agricultural credit system in part because we said, "We will help you under the latest or then latest Public Law 480 agreement, with some of the initial capitalization." And we were able to show our very strong support of the land reform effort by this means. I take it that was the intent of the Congress in enacting Public Law 480.

Mr. POAGE. I think so. And I want to commend you for making that kind of a trade. I think it is exactly the kind of trade that we should make.

Mr. BELL. Right.

Mr. POAGE. I go back to an experience that the chairman and I had, which was many years ago, when this aid program was first moving into the Middle East. We sat in the capital of a Middle Eastern country. We had three ministers of the country's cabinet tell us, "If you give us aid put strings on it—do not give us money without strings on it." That is what they told us, was it not, Mr. Chairman?

Mr. COOLEY. That is right.

Mr. POAGE. And lately, as late as a month ago, at the interparliamentary meeting, I sat in a group of South Americans on all sides and one of them said, "I wish that you would follow every dollar of aid that you give us—follow it until it is spent." And they all sat around there, and not one of them seemed to have a different opinion. They all seemed to agree that that was sound.

Mr. BELL. So do I. That is exactly what we try to do.

Mr. POAGE. I am glad to hear that. I hope that we will hear more of that.

Mr. Jones?

Mr. JONES of Missouri. Is that not a new policy that you have just recently adopted, if you have adopted it?

Mr. BELL. A policy of following the dollars?

Mr. JONES of Missouri. Following the dollars; yes.

Mr. BELL. Not new as far as I am aware.

Mr. JONES of Missouri. You have only been there for a few months.

Mr. BELL. A little over a year.

Mr. JONES of Missouri. Well, let me ask you this. I want first to pursue the point that Mr. Poage made. I think that I can point up and confirm what his contention is. Why would India want to buy wheat from any other country that does not offer a grant equal to that of the United States when we make a contract, and if they do, with what other country could they carry on such a trade?

Mr. BELL. I do not want to dodge your question, but you are asking me a question which is really the responsibility of the Secretary of Agriculture. He decides how much Public Law 480 wheat can be sold to India under title I without disrupting normal markets. I assume that he has found that he is not disrupting normal markets. You are entirely right, I am sure, that the Indians would like to get all of their wheat from us if we were prepared to make it available under these terms.

Mr. JONES of Missouri. I think that maybe somebody on the panel knows how much or what percentage of the wheat that India is buying from other countries amounts to, and what percentage of India's total wheat consumption comes from the United States.

Mr. BELL. I am not sure that any of us here have that information, sir. Does anyone from the Department of Agriculture have it?

STATEMENT OF RICHARD H. ROBERTS, DEPUTY ASSISTANT ADMINISTRATOR FOR EXPORT PROGRAMS, FOREIGN AGRICULTURAL SERVICE, U.S. DEPARTMENT OF AGRICULTURE

Mr. ROBERTS. 400,000 tons a year. That is the amount originally set up per year, but in 1963 and 1964 it has been reduced to 200,000 tons each year because of India's further financial problems.

Mr. JONES of Missouri. From the United States?

Mr. ROBERTS. From all of the free world.

Mr. POAGE. From whom else are they buying?

Mr. HARRIMAN. It comes from countries other than the United States.

Mr. ROBERTS. Primarily from Australia.

Mr. POAGE. How much are they buying from Australia today—is it less than a million bushels?

Mr. ROBERTS. Between 10 and 15 million bushels. That is the maximum from Australia in 1 year. They have gone down to a much lower figure in other years.

Mr. BELL. Could you hear, Mr. Chairman?

Mr. POAGE. Yes.

Mr. JONES of Missouri. Of course, my objection to the way that we have been operating these programs is the fact that it appears that we have permitted the recipient country to dictate the terms, and then we agree to them.

Mr. BELL. That is certainly, Mr. Jones, not my conception of what we are doing or what we should do.

Mr. JONES of Missouri. You said earlier, on page two of your statement, the fact:

The decision on countries with which titles I and IV sales programs may be negotiated and the size of the programs are made by the Secretary of Agriculture after advising with other U.S. agencies.

Mr. BELL. Yes, sir.

Mr. JONES of Missouri. In the past the experience of this committee has been that the Department of Agriculture makes its recommendations, but on practically every occasion they have been overruled by the Department of State because it did not conform with their policies. I am not going to review all of this. You know the sugar and wheat deal with Brazil, and I will never forget that. I will not go into that. We are going to forget that now, but that is the thing that overrides this committee all of the time as to what has happened in that respect.

Mr. BELL. Could I say a word on that—not on the wheat and sugar in Brazil—I do not know anything about that, but in the last 14 months, since I have been in this job I have been, necessarily, in a lot of the discussions of these problems with Secretary Freeman. In that time we settled a lot of agreements and in all of that time what I have said here on page two has been exactly right. He has taken into account what I have said or what people from the State Department have said, but it had been his decision. I do not remember a single time in that period that we have asked him to join us to discuss a particularly difficult case with the President. I do not recall that we have ever taken an issue up, in other words, where we differed with him all the way to the President.

Mr. COOLEY. Ask him who makes the decision. I do not know.

Mr. JONES of Missouri. I will be glad to ask the gentleman. I want to know who makes the final decision—is it in AID or in the Department of State, or in some other agency of the Federal Government—where?

Mr. BELL. On title I sales?

Mr. JONES of Missouri. Yes.

Mr. BELL. On title I and title IV sales, Secretary Freeman makes the final decision. And if any of us wishes to take him to the President we may, but that has not happened in the period that I have been there. We have no right or authority to overrule him.

Mr. JONES of Missouri. Let me ask you one other question. This is a rumor that I want to ask you about. I want to state that it is a rumor. And I want to find out if there is any basis for the rumor. In one of these wheat transactions with India the same foreign company got the commission for the sale from the United States and they also got the commission from the Indian Government; in other words, the same foreign company got the commission at both ends of the line. Do you know anything about this?

Mr. BELL. I do not know anything about it. The Department of Agriculture would, perhaps, be able to respond to that.

Mr. ROBERTS. I believe that our regulations would prevent that from happening. And if we had any rumor or suspicion that it did happen we would have to investigate it and get the money back.

Mr. JONES of Missouri. Let me ask you this—are all of the—are not all of these sales made through a private concern, sir?

Mr. ROBERTS. Yes, sir.

Mr. JONES of Missouri. They are made through a private concern at this end of the line. Are they made through a private concern at the other end of the line?

Mr. ROBERTS. The Indian Government has its own Indian Supply Commission here in Washington that does the buying as a Government

purchasing agent. The sellers in the United States are U.S. private trade exporters.

Mr. JONES of Missouri. Let me ask you this, this is a thing that has occurred. I am all for private industry, but when we get into the field of charity, and that is what this program is, and the U.S. Government owns this wheat, why can it not be a sale from Government to Government?

Mr. ROBERTS. These sales are being made by U.S. private traders and financed by the Commodity Credit Corporation with an export subsidy arrangement by which the difference between the U.S. domestic price and the world price, so as to make it competitive with the foreign countries, is paid for in bushels out of Commodity Credit Corporation stocks.

Mr. JONES of Missouri. None of those are made out of Commodity Credit Corporation stocks, but rather they are out of private stocks?

Mr. ROBERTS. The actual sales under title I and title IV are made from private trade stocks with this export payment in kind from the Commodity Credit Corporation stocks going to make up the difference between the domestic price and the foreign market price, but that export payment goes to the U.S. private trade exporter who has to jiggle his price in order to be competitive with the foreign suppliers or other American suppliers.

Mr. JONES of Missouri. Thank you, sir.

Now, Mr. Bell, you mentioned on page 7 of your statement:

As the committee knows, we have over the last year or so limited very sharply the use of the grant authority, and we will continue to do so.

To what extent have you limited that grant authority?

Mr. BELL. I believe, sir—

Mr. JONES of Missouri. Let us take India, for instance.

Mr. BELL. There has been no agreement signed with India since 1960, I think. The basic agreement was a 4-year agreement signed at that time.

Mr. JONES of Missouri. In other words, they are still getting the same as before—there has been no change in the case of India?

Mr. BELL. That is right, but the new agreements which have been signed during the last 2 years, I believe, that the grant proportion has dropped to around 8 or 9 percent overall, and there have been a number of them with no grant components at all. Each of these, as you know, sir, are reported to the committees here.

Mr. JONES of Missouri. They are reported to the committees, I know. What changes, if any, are you contemplating for expanding the use that the United States may make of the currency they have received from these grants?

Mr. BELL. Are you referring, sir, to India?

Mr. JONES of Missouri. Let us refer to India.

Mr. BELL. All right, we have in the past several years been increasing the uses we make to substitute for dollar appropriations for such items as the air travel of our own American Government employees, the purchase of furniture for American quarters in India, and this sort of thing. They are helpful, but they are relatively small in total value. We are trying to consider whether there are ways to make use of the relatively substantial accumulations there.

And the idea that we are investigating right now is whether it might be feasible and desirable to use a substantial proportion of those rupees as a downpayment for a major foundation in India devoted to educational and scientific work, more or less like the Ford Foundation or Rockefeller Foundation here which would be a permanent foundation intended to contribute to the improvement of educational institutions, in the education of Indians, and there could be a lot of joint scientific research and cultural connections between such an institution and the United States. It could be, as I have indicated, a permanent contribution of major dimensions to the development of higher skills and competence and education and scientific research in India.

Mr. JONES of Missouri. Is the Ford and Rockefeller Foundations, any of those operating in India at the present time?

Mr. BELL. They are, sir, but on a scale which would be quite different from what it would be possible under this sort of an alternative. They have not so far as I know contributed to endow a foundation out there. One of the questions we are looking at is whether this does seem like an attractive notion, and should we not therefore have the Ford and Rockefeller Foundations join with us in helping to establish it on a sound footing.

Mr. JONES of Missouri. What progress have you made, if any, toward bringing about the availability of these rupees for tourists, other than for education?

Mr. BELL. There are not many American tourists in India, as you know. There are some.

Mr. JONES of Missouri. A considerable number of them go over there every year.

Mr. BELL. There are some. We have felt up to now that the Indian needs for earning foreign exchange through exports and through services, including services to tourists, were so great and of importance to the United States and our interests in the Indians becoming more economically independent as rapidly as possible, the situations argued strongly that we should let them earn those dollars rather than requiring them to pay the expenses of our tourists in India.

Mr. JONES of Missouri. At the present time, as I understand it, through the grants and the loans we make to them that we have control of something like, what, 15 percent of the total amount of those sales?

Mr. BELL. The initial proportion that goes immediately in to U.S. uses is 13 percent. Of course, as the loans are repaid—

Mr. JONES of Missouri. When are they going to repay them?

Mr. BELL. They are repaying them currently, steadily.

Mr. JONES of Missouri. With what?

Mr. BELL. With rupees.

Mr. JONES of Missouri. They are paying them with rupees. When are we going to get any dollars back?

Mr. COOLEY. We are not getting any dollars back.

Mr. JONES of Missouri. I want to know about that.

Mr. BELL. No, no, as they are repaid those rupees are available for U.S. uses. They become U.S. money.

Mr. JONES of Missouri. We do not have any use of them. You said that it is such a limited amount that we will never get any dollars back.

Mr. BELL. We have major amounts of rupees in India for which I would expect that we would not get dollars back.

Mr. JONES of Missouri. Under this new agreement that you are entering into do you expect that the total amount of funds available to the United States will be increased over what it has been in the last 4-year contract?

Mr. BELL. I am not sure that I follow your question.

Mr. JONES of Missouri. You said you had a 4-year contract.

Mr. BELL. Yes.

Mr. JONES of Missouri. Will the new contract be any different in principle to make available to the U.S. Government any funds that we could use?

Mr. BELL. I simply do not know, Mr. Jones. I do not know whether the work on that new contract has gone far—very far as yet. I can check the point for you if you would like and put it in the record.

Mr. JONES of Missouri. You had better start work on it, because you will have to have it in operation by 1965, will you not, and this is 1964?

Mr. BELL. As I understand it, yes, presumably it will be negotiated later this year.

Mr. JONES of Missouri. Will the Department of Agriculture be in on that negotiation?

Mr. BELL. They are in charge of it. I mean, in charge of determining the basis on which the negotiation will be carried out.

Mr. JONES of Missouri. Thank you.

Mr. COOLEY. I would like to ask one further question with reference to something that you brought up before we came into the committee room this morning. Who pays for unloading the commodities that we have sent to India and to other places?

Mr. BELL. As I responded to Mr. Poage, sir, on the way in, this is a question that I do not know the answer to. The Department of Agriculture handles the shipping of these commodities. Perhaps the gentleman here from the Department could respond to that.

Mr. ROBERTS. The actual unloading, of course, is a matter of stevedoring costs and that sort of thing which is a matter that is paid for by the Indian Government purchasing agency that takes possession of the commodity.

Mr. COOLEY. It is paid for with whose money?

Mr. ROBERTS. They pay for this with their own currency. I want to go on and say that there are many port costs which have to be paid by the U.S. vessel which are not actually unloading costs as such. There are many other costs, such as port taxes, wharfage, and tying up to the dock, many other costs that have to be paid for by either the foreign vessel or the U.S. vessel that ties up there to be unloaded. And at the present time they are making those payments in the normal commercial manner. When a U.S. vessel ties up to the dock they write a dollar check to the Indian bank.

Mr. COOLEY. Who writes the dollar check?

Mr. ROBERTS. The vessel operator.

Mr. COOLEY. It comes out of American money?

Mr. ROBERTS. Yes, sir.

Mr. COOLEY. And not rupees?

Mr. ROBERTS. They buy rupees with American dollars, yes, sir, and they make—

Mr. COOLEY. Do you not think that if we send them a shipload of goods that they should be willing to pay for the unloading?

Mr. ROBERTS. That is the purpose of it.

Mr. COOLEY. And all of the other costs?

Mr. ROBERTS. That is the purpose of one of the proposed amendments to the act, that it would facilitate the negotiations with the Indian Government by which we would pay those foreign port charges in Indian rupees, rather than paying in dollars; that is, the U.S. vessel having to pay in dollars.

Mr. COOLEY. That is what I had in mind. You remember that we had that in mind, Mr. Poage.

Mr. POAGE. That is exactly correct. What I had in mind was going further. I never did believe that if somebody would bring me fish to eat that they ought to have to fry them before they gave them to me. I do not understand why these people cannot pay for these things themselves. I cannot understand why if we are assisting those people why they would have to charge us for that. I know that our allies did that during the war. I understand that. But that did not make for good relations. But why do they not pay that bill themselves?

Mr. ROBERTS. We are trying to make progress in that direction, sir. We got caught in attempting to utilize normal private trade commercial practices to the maximum extent practical, as required in the act, and we went a little farther than necessary in that respect.

Mr. POAGE. Mr. Harvey?

Mr. HARVEY of Indiana. As I recall and this is a question concerning the deal with India, although it may be subject to renegotiation during the interim, was there not originally the thought that it would be a sort of 10-year program with India?

Mr. BELL. I could not say, Mr. Harvey. You mean that it was a 4-year agreement, but conceived of a part of a long-term one?

Mr. HARVEY of Indiana. That is right.

Mr. BELL. It might be. We can check the records on it. The gentlemen here think not, Mr. Harvey.

Mr. HARVEY of Indiana. It was my understanding that it was presumed to be a long-range program in which we would gradually taper off supplying wheat from the United States.

Mr. BELL. Right.

Mr. HARVEY of Indiana. And that they themselves would gradually increase their productivity, so that at the end of the 10-year period they would be much more nearly self-sufficient, and that this would simply be a program designed for that purpose.

Mr. BELL. That I suspect is right there, that it was conceived to be part of something that would eventually end up with the Indians being self-sufficient.

Mr. HARVEY of Indiana. Now, the reports that come to me from what I would say are fairly reliable sources are to the effect that this will be recorded as a most massive undertaking of our Government in this area, and that it has not been achieving the results in India that we certainly had a right to anticipate. What is your estimate of the progress in this area?

Mr. BELL. I think an honest answer, Mr. Harvey—

Mr. HARVEY of Indiana. That is what I hoped to get.

Mr. BELL (continuing). Would support much of what you have said. The rate of progress in Indian agriculture has been disappoint-

ing to us and it has been disappointing to the Indian Government and to the Indian agricultural community. We have recently been concerning ourselves with this. And Secretary Freeman, as a matter of fact, is just now laying out a trip, a special personal trip to India later this spring. He is going to have a personal look at it, because we regard the matter in exactly the light you have put it. This is a most significant and important aspect—the most significant and important aspect of the economic problem of the Indian sub-continent. They do have large agricultural resources. They are basically an agricultural society and if they do not make headway on the agricultural side they cannot achieve the kind of economic progress or independence that we all want to help them make.

I was going to say that we think that in logic the answers are in sight and they consist of the same kind of improvements in agricultural productivity which have done so much in this country. And the most important of all is the provision and use of much more fertilizer than they have been using up to now, but the problems of getting increased supplies and getting them to the farmers and getting them used sensibly, and all of the associated adjustments of education and markets and all of the rest are problems which have not been moving as rapidly as any of us would like to have them.

Mr. HARVEY of Indiana. I just want to add in connection with this particular area of questioning that I happen to have had the opportunity to visit some of the officials of the Ford Foundation yesterday and I have also on prior occasions visited with officials of the Rockefeller Foundation and have questioned them concerning the proposition that this is really a substantial program.

Mr. BELL. It is a very large program.

Mr. HARVEY of Indiana. And their report to me yesterday was to the effect that on the basis of their evaluation—and they have many people in the area at work, principally in India—that they believe that is the right spot in trying to help the Indian agriculture to improve its productivity—

Mr. BELL. Right.

Mr. HARVEY of Indiana. And I would strongly suggest that all of the agencies of Government that are also involved give every cooperation possible to this joint Rockefeller-Ford Foundation effort that I think holds a great deal of promise. I am just sorry that it was not inaugurated at the same time that we inaugurated our massive wheat supply effort. I think that if we are able to coordinate all of the good educational efforts it would be much more effective. They insisted to me that they think that they can come up with enough short-term efforts to vastly improve the productivity there.

Mr. BELL. I quite agree with you, sir. And I personally know Mr. Hill and the other gentlemen of the Ford Foundation very well, and we have been following their lead, so to speak, and using their advice very extensively.

Mr. JONES of Missouri. I would also suggest that if you do proceed with this idea of establishing a foundation over there in India with the facilities that are presently being held in more or less a frozen condition that you follow their leadership.

Mr. BELL. Right.

Mr. JONES of Missouri. Yes.

Mr. HARVEY of Indiana. They have had a great many years of profitable experience.

Mr. BELL. That is right.

Mr. HARVEY of Indiana. I certainly think that would be most helpful. Thank you very much, Mr. Bell.

Mr. BELL. Thank you.

Mr. HARVEY of Indiana. Now, Mr. Harriman, I do not want to hold you longer, because it is already past 12 o'clock, the normal time to adjourn the hearings, but I was particularly interested in your testimony on page 4, the first paragraph, beginning with the third line, in which you say:

Yugoslavia runs its own national policies today in considerable measure because we were able to meet some of its requirements for food.

I read that two or three times before the full significance began to sink in on me. I was just wondering just exactly what do you mean by that statement, Mr. Harriman?

Mr. HARRIMAN. Well, in 1948 Yugoslavia broke with Stalin.

Mr. HARVEY of Indiana. May I interject?

Mr. HARRIMAN. And since that time they have been pursuing an independent policy from the Soviet Union.

Mr. HARVEY of Indiana. If I may interject—

Mr. HARRIMAN. They could not have done that if they had not been able—they were cut off from trade with the East—if they had not been able to turn to us, to the West—if they had not been able to carry forward a very heavy military program to protect against possible military action against them—they would not have been able to have survived and remained independent.

More recently their relations with the Soviet Union have improved, but entirely on Yugoslavia's terms. They are now independent, militarily, politically independent, and economically and sociologically, ideologically from the Soviet Union.

The food that was given or, rather, sold under Public Law 480 terms has been one of the reasons why Yugoslavia has been able to stand up against the Soviet Union under Stalin.

Mr. HARVEY of Indiana. I just want to say that I was in Yugoslavia in 1949 and was briefed by Mr. Cannon who was the Ambassador in Yugoslavia at the time and who was largely responsible for having persuaded Tito to defect and I am sure that some of the subsequent contributions that we have made to Yugoslavia were inherent in the understanding that was had then. It was my understanding at the time—and I am sure that it was that of our Government as well, that pending the outcome of our part of the agreement Yugoslavia would consider herself as a dependable ally of the United States. I think, Mr. Harriman, you will have to concede that in the last several years there is no evidence that Yugoslavia is a dependable ally.

Mr. HARRIMAN. No, no—they have taken the position of being non-aligned, a position of neutrality. We have never come to an understanding with Yugoslavia of being an ally. I think that I was there in 1951 and Tito was very much concerned with the possibility of attack and suggested the possibility of it, but it was discussed but never has there been an agreement for an alliance between Tito, Yugoslavia, and the United States or the western alliance. They are neutral. They have maintained the position of neutrality in their own

terms. They are a Communist society, but they have established an independence from the dictates of Moscow.

Mr. HARVEY of Indiana. I know. Let me say that is why the line that the State Department has taken and has insisted upon, but certainly I do not want to presume to be an expert in this field and to say that my judgment supersedes that of the State Department, but as an observer and one who has had a great deal of interest and has followed this very closely, I think that the State Department is wrong in assuming that Tito is a dependable ally of ours.

Mr. HARRIMAN. I am sorry, Tito has never indicated that he was an ally of ours. He has stated repeatedly that he is nonaligned and he has never indicated that he was an ally of ours. There has never been any suggestion—there has never been any understanding of an alliance between us.

Mr. HARVEY of Indiana. That does not quite fit with the understanding that I have of the State Department's understanding of our relationship.

Mr. HARRIMAN. Well, sir, there has never been—if anyone made a statement of that kind to you they were incorrect.

Mr. HOEVEN. Will the gentleman yield for a question?

Mr. HARVEY of Indiana. Yes.

Mr. HOEVEN. Is it not true that Yugoslavia consistently votes against us in the United Nations?

Mr. HARRIMAN. Frequently, but not always.

Mr. HOEVEN. What is the percentage of concurrence?

Mr. HARRIMAN. I have not the figures before me. I will be glad to supply them if you wish to have them.

(The information referred to above follows:)

Summary of the voting record of Yugoslavia on selected rollcall votes at the 14th through 18th sessions of the United Nations General Assembly¹

14th United Nations General Assembly (1959):		16th United Nations General Assembly—Continued	
Coincided with United States__	4	Coincided with neither_____	6
Coincided with U.S.S.R._____	9	Coincided with both_____	6
Coincided with neither_____	2	17th United Nations General Assembly (1962):	
Coincided with both_____	10	Coincided with United States__	4
15th United Nations General Assembly (1960):		Coincided with U.S.S.R._____	12
Coincided with United States__	0	Coincided with neither_____	6
Coincided with U.S.S.R._____	14	Coincided with both_____	7
Coincided with neither_____	5	18th United Nations General Assembly (1963):	
Coincided with both_____	1	Coincided with United States__	4
16th United Nations General Assembly (1961):		Coincided with U.S.S.R._____	9
Coincided with United States__	6	Coincided with neither_____	5
Coincided with U.S.S.R._____	25	Coincided with both_____	4

¹ The most important rollcall votes at each assembly session on a representative variety of issues, such as East-West items, disarmament and nuclear testing, colonialism, and United Nations administration and financing, were selected.

Mr. HARVEY of Indiana. I just want to say that I think that in the original diplomatic coup that was executed the U.S. State Department showed great leadership and I think a good deal of ability. It was an intelligent effort on their part. Then we went right ahead and we made sizable contributions to Yugoslavia during the intervening years, but it seems to me that the longer we dealt on the basis of the 1948 defection the stronger the evidence is that Tito is definitely not even a neutral, that Tito is definitely allied with the Soviets.

Mr. HARRIMAN. Yugoslavia is not a member of the Warsaw pact and has maintained a position of nonalignment. There was a complete rupture between Belgrade and Moscow in 1948. In more recent years, rather recently, there has been the reestablishment of better relations between Moscow and Belgrade, but entirely on the basis of independence of Yugoslavia, nonmembership in the Warsaw pact, and non-dictation on the part of Moscow of any of the policies of the Yugoslavian Government. It is a fact that Yugoslavia has a Communist type of economic organization which is most distasteful to us, but they have maintained their independence. They were the first ones to break away from Moscow's domination.

Mr. HARVEY of Indiana. Do we expect as a matter of policy to continue to pour aid into Yugoslavia?

Mr. HARRIMAN. We gave Yugoslavia a very considerable amount of military assistance at a time when there was a military threat—when Stalin threatened to invade Yugoslavia. I was there in 1951. At that time there was a very real threat that Stalin would launch a military attack and we did give Yugoslavia military assistance. That has petered out. How much is involved now I have not the figures before me.

Mr. BELL. There is no economic assistance remaining to Yugoslavia at all, Mr. Harvey.

Mr. HARVEY of Indiana. How about Public Law 480?

Mr. BELL. Public Law 480 sales are continuing, but we make no loans or grants under the Foreign Assistance Act any more. The military assistance has been reduced in this past year. The only assistance that is left—it is called assistance under the act—actually would permit the Yugoslavs to buy for cash some spare parts for planes and other equipment which we provided earlier, under the military assistance program some years ago. The previous kinds of military and economic assistance programs to Yugoslavia have essentially come to an end. The Public Law 480 sales for local currencies have continued. And so far as I am aware are expected to continue.

Mr. HARRIMAN. My colleague says that there has been no grants of military assistance since 1957. The recent sales have been for cash.

Mr. BELL. The terms of the Public Law 480 agreements are being hardened.

Mr. HARRIMAN. I can assure that if it had not been for this assistance Yugoslavia received from the West she would not have been able to break away from Moscow.

Mr. HARVEY of Indiana. Please believe me, Mr. Harriman, I am not belaboring that point at all. I am in complete agreement with that.

Mr. HARRIMAN. Surely.

Mr. HARVEY of Indiana. I am not arguing that point.

Mr. HARRIMAN. I do want to say——

Mr. HARVEY of Indiana. I do want to indicate that we made a good move there. I do question the capability of our continuing relationships insofar as giving them anything is concerned.

Mr. HARRIMAN. I must tell you very frankly that I have never approved her internal policies. She has become somewhat less rigid in her Communist methods. She has over 85 percent of her farms owned and operated by independent farmers, but her philosophy and ideology is the Communist ideology which is very distasteful to us,

but he was the one that broke the monolithic structure of Eastern Europe, and I am very glad to vouch for the fact that other countries in Eastern Europe are beginning to follow that example, so that the effect of Yugoslavia has been contagious and the national spirit of these other countries, Poland and others, is beginning to rise more and more. I think it is safe to say that this trend is developing and will continue to develop, but at the same time the internal structure of the social and ideological, religious life of these countries is not as we would like to see it, but it is improving, sir. That is all that we can say. I think the policy has been right; it has not been alone the State Department's policy—it is a policy of Presidents Truman and Eisenhower to carry out these policies and in recent years of President Kennedy and carried forward by President Johnson. It is not just the State Department, but it is the policy of the administration which has had the approval of Congress in all of the transactions which we have been engaged in.

Mr. HARVEY of Indiana. I do not want to take more time. I just want to say in closing that at the meeting last fall between Khrushchev and Tito, in the press release statements that were made by them at that time, if I am in a position of trying to evaluate them and to say where we are with regard to them, I would have to conclude that we had certainly lost ground in this particular area, and I think that as an observing delegate at the FAO Conference in Rome that that was a pretty common consensus of opinion among many of the so-called neutral nations of the world.

Mr. POAGE. Thank you, Mr. Harriman.

Mr. HARRIMAN. May I comment on that, sir, because it is a very important matter. Certainly, Yugoslavia is closer to Moscow today than she was a few years ago, but the change has been in Moscow, not in Yugoslavia. That is the important factor in this situation. The relationship of Moscow with all of the countries of Eastern Europe has been more in the direction of independence and it is for that reason that better relations have been able to be developed on Yugoslavia's terms, not on Moscow's terms.

Mr. POAGE. Thank you, Mr. Harriman.

There is one gentleman who was here first before all the rest of us—the rest of us came in late and he has been waiting all morning and he has wanted to go into a matter he has before him.

Mr. Matthews wants to discuss a matter with Mr. Harriman.

Mr. MATTHEWS. Thank you, Mr. Chairman. I will not take very much time to present this matter, but you will recall that we did not have a chance to discuss this with the other witnesses and I would like to get the opinion of Mr. Harriman and Mr. Bell about the amendment that I have proposed to Public Law 480. Let me say in advance I have enjoyed the testimony of you gentlemen this morning very much. Particularly I was impressed, Mr. Bell, with the detailed, forthright answers you have given to some of these very perplexing questions, and I for one want to say that I appreciate the way you have taken charge of this very important and complex program for which you have the responsibility.

The amendment that I have proposed to Public Law 480 is a very brief one. It is H.R. 10165 which was introduced on February 27,

1964, by myself, so you can see the reason why I want to get your reaction now. I will read this very brief amendment. It is:

To amend title II of Public Law 480, Eighty-third Congress, to authorize the use of foreign currencies by the President to carry out more effectively programs undertaken under titles II and III.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 203 of the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480, Eighty-third Congress), as amended, is amended as follows:

(1) After the third sentence insert the following new sentence: "In addition to other funds available for such purposes under any other Act, funds made available under this title may be used to purchase foreign currencies accruing under title I in order to meet costs (except the personnel and administrative costs of cooperating sponsors, distributing agencies, and recipient agencies) designed to assure that commodities made available under this title or under title III are used to carry out more effectively the purposes for which such commodities made available or to promote community and other self-help activities designed to alleviate the causes of the need for such assistance: *Provided, however*, That such funds shall be used only to supplement, and not substitute for, funds normally available for such purposes from other non-United States government sources."

(2) In the last sentence after "costs" insert "or for the purchase of foreign currencies."

May I say that this amendment is partly the result of testimony that was given before us by the various voluntary organizations. I might say, frankly, that although it had almost the unanimous support of the agencies, I think that the Lutheran World Relief did have some reservations. The purpose of the amendment is to get funds for such purposes as local needs and transportation, tools and equipment for the use of projects, supplementation of donated foods, local and normal personnel, and so forth and the amount of money I would estimate would not be more than \$5 or \$10 million a year.

Mr. Harriman, would you please, if I have given you enough information, tell us whether or not you would be in favor of this amendment?

Mr. HARRIMAN. This amendment has come to my attention, Mr. Matthews, and I have analyzed it, and I can say that the State Department fully endorses the amendment as written and its objectives. It is not only humane, but also will further the objectives of these voluntary organizations and also further our objectives, our worldwide objectives.

Mr. MATTHEWS. Thank you very much.

Mr. COOLEY. How about a representative from the Department of Agriculture, can we get a comment from the Department? If you do not have some representative of Agriculture here who can tell us, will the representative who is here take it to the Department and get an answer?

Mr. MATTHEWS. If you do not mind, I will call on the representative of the Department of Agriculture to see if they endorse it.

Mr. Bell, would you please express your sentiments?

Mr. BELL. I would, sir, thank you very much. We strongly support this proposal. We concur that the currencies should be made available in addition to and not substituted for non-Government resources that these voluntary agencies are prepared themselves to put up. We concur with the provision that the currencies be used for material and transportation and not for paying personnel costs which, I believe, reconciles the points of view most if not perhaps all of the

voluntary agencies. We think that it may be possible in some instances to use this authority in conjunction with section 104(d) to acquire goods and services in third countries. For example, it may be possible to use Indian rupees to help community development projects in Nepal, for example, which would be an added benefit of this provision. And we would also concur with your expectation about the probable range of expenditures.

We would expect to use the authority only for high priority, solid, extremely valuable projects. And under those circumstances we would think that \$5 to \$10 million a year would be a reasonable estimate of the effective use of the authority you are proposing, so that we think it is a very constructive step forward and would like strongly to support it.

Mr. MATTHEWS. Thank you very much, Mr. Chairman.

Mr. HARRIMAN. May I say this? This is not dollars. These are the local currencies.

Mr. BELL. Yes.

Mr. HARRIMAN. It is the equivalent of dollars. And in the Indian case it is using the rupees which possibly there will be no other use for.

Mr. MATTHEWS. Thank you.

May I ask if someone is here from the Department of Agriculture? We have had informal talks with the Department of Agriculture. If I may ask, could someone make a statement for the Department of Agriculture?

Mr. ROBERTS. I only got a little ways with checking this out this morning, Mr. Chairman, before coming up here. I am sorry I do not have that information.

Mr. MATTHEWS. If at this point in the record you would get us a statement from the Department of Agriculture, we would appreciate it.

Mr. ROBERTS. Yes, sir.

Mr. MATTHEWS. Thank you very much.

(The information referred to follows:)

The Department of Agriculture favors enactment of the amendment. We understand that the objective of the amendment is to make use of foreign currencies not needed for U.S. Government costs currently provided for in the act. Increases in reimbursement to the Commodity Credit Corporation under title II of the act by reason of these purchases of foreign currencies will be offset by decreased reimbursements under title I of the act to the extent that these sales of currencies are additional to those otherwise possible.

Mr. POAGE. Thank you, Mr. Matthews.

Mr. Stubblefield?

Mr. STUBBLEFIELD. I notice that you mentioned in your statement the danger of the Public Law 480 program becoming a crutch for foreign governments. In your opinion would a longer period—I think that 5 years has been talked about—be more or less conducive to Public Law 480 being a crutch for these nations?

Mr. HARRIMAN. We believe that 5 years is the better term. The Secretary of Agriculture will explain why it is easier from the standpoint of our own problems here at home, from the standpoint of dealing abroad, that with the longer term one can plan these programs more effectively, and that there is a better chance to phase them out. Mr. Bell, would you care to comment on that?

Mr. BELL. I would refer to the point Mr. Harvey was making earlier in the case of India, that the job of increasing the productivity of Indian agriculture is a long, tough, complicated job, and it involves establishing institutions, supply systems for fertilizer and tools, extension services for advice to the Indian farmers. It is important that the Indian Government commit itself and embark on that route on a large term basis and if we are able under a relatively long-term agreement with the Indian Government to say that we are prepared, if you really put your backs into this to support you in the meantime with a margin of food, that you will need to take care of your people's requirements, then we are on a time scale which is appropriate to the nature of the problem. Whereas if we try to do it or to operate with them on a 1 year at a time basis it is very difficult for them to know just what kind of a foundation is under their feet. This is why I think from the standpoint of effective results in the underdeveloped countries, having the opportunity in appropriate cases to make longer term agreements as would be feasible under a 5-year statute, that it would be very beneficial.

Mr. STUBBLEFIELD. Thank you. That is all.

Mr. POAGE. Mr. Matsunaga?

Mr. MATSUNAGA. Thank you, Mr. Chairman. In the area of foreign aid I have found that there are two programs which have obtained bipartisan support, the Peace Corps and the Public Law 480 program. However, there is a growing sentiment against the Public Law 480 programs, principally on the objections suggested here by our chairman this morning, that while we may give fish, that while we donate fish, should we go to the extent of frying the fish? Is it not a fact that we are now forced to fry the fish, because the donees do not have frying pans?

Mr. BELL. Insofar as we do any fish frying I would say, yes. I would answer the question a little more broadly, if I might. We regard the whole process of giving assistance to the less-developed countries as one which necessarily rests on their doing the maximum they can for themselves. And, frequently, we have to bargain with them and insist that they do the maximum that they can for themselves. This is as true of Public Law 480 programs as it is of any other resources that we make available to them, so that my full answer to your point is that in some cases where they are really desperately off and have extremely low resources at their disposal we may do a lot for them, but as they are able to do more and more for themselves we must keep insisting that they do that, to get on their own feet and to walk as soon as they can, and that our assistance, Mr. Stubblefield was pointing out, should not become in any sense a crutch or a substitute for their own efforts, but should be a supplement and a goad and an incentive for them to do more for themselves.

Mr. MATSUNAGA. In your future agreements with the various nations I would suggest, if it is not provided in your present agreements, that a broad enough discretion be given the Secretary to determine what nations shall have to pay for their own transportation, docking fees, and the like.

Mr. BELL. That is a good point.

Mr. MATSUNAGA. This is an area, I believe, that you ought to look into very seriously in order to continue obtaining bipartisan support.

Mr. BELL. Right. I accept the point, Mr. Matsunaga.

Mr. MATSUNAGA. Thank you.

Mr. POAGE. Mr. Doyle?

Mr. DOLE. I want to commend Mr. Matthews in getting assent from the State Department.

I have been interested in Mr. Harriman's statement, on page 2 concerning wheat sales to Russia. First of all, to use the term "sell" I assumed from that we will be paid for the wheat?

Mr. HARRIMAN. They will pay the world market prices for the wheat.

Mr. DOLE. In what?

Mr. HARRIMAN. Dollars.

Mr. DOLE. In gold?

Mr. HARRIMAN. In dollars. So far as I know they have not asked for a loan. Some of the Canadian wheat was sold on terms up to 18 months.

Mr. BELL. Yes.

Mr. HARRIMAN. They received commercial credits for that length of time. That might be extended that long, but not longer. It will be dollar payment—the payment will be in dollars.

Mr. DOLE. You say it is right, this sale, on humanitarian grounds. Is there some basis for that statement?

Mr. HARRIMAN. They are very short of wheat this year. The crop seems to be very, very bad. And if they are not able to buy wheat from abroad, to purchase it from us and only a part of the wheat that they are getting is from abroad, they would have to go on a very, very strict ration on the basis of bread which would probably cause some debilitation of the people.

Mr. DOLE. Is the basis for that statement that people are starving in Russia?

Mr. HARRIMAN. No, they are not starving. I think that, roughly, the wheat they are buying from abroad may be about 20 percent of normal production, so that there would have to be a substantial reduction in the normal intake of food from bread.

Mr. DOLE. For example, do you know what they are going to do with the wheat they buy—are they going to stockpile it or to use it for their export commitments?

Mr. HARRIMAN. No, it is their wheat. They have agreed not—I have forgotten just what the agreements are—but they are to take it to their own country.

Mr. DOLE. They have already shipped some of the Canadian wheat to Cuba, I understand. So they will replace it with some of ours? You also stated the sale is a good business proposition.

Mr. HARRIMAN. Yes.

Mr. DOLE. Do we operate on different standards? We condemn certain countries for trading with Communist Cuba, but it is all right for us to trade with Communist Russia.

Mr. HARRIMAN. When I was Secretary of Commerce I established the first controls after the postwar period with Russia, and we only established controls on strategic items, and that has been the agreement within the Western industrial nations. There was never any contemplated thought to cut out the sale of food or consumer goods.

Mr. DOLE. Well, we are objecting now to England and others.

Mr. HARRIMAN. But it never occurred to me in all of the years that I have dealt with East-West trade that we should prevent the Soviet Union from buying consumer goods. It seems to us to eat up what gold they have, and their foreign exchange, rather than to use it for military purposes or to develop their heavy industry.

The situation in Cuba is an entirely different situation. There is a regime that was established in Cuba that we believe is distasteful to our objectives. We are not trying to pull down the Soviet Union's Government, and we do not think that trade is going to have any bearing on it.

The European countries have large trade with the Soviet Union and Eastern European countries. It would not make very much sense for us alone to try to isolate ourselves from this important economic market.

Mr. DOLE. Is not the Cuban Government being supported largely by the Soviet Union?

Mr. HARRIMAN. Yes, to a very considerable extent. The sale of sugar from Cuba is one that keeps Castro's government alive. There have been some shipments from the Soviet Union on credit. I have not the details with me. I will be glad to supply such information as you may wish, but Cuba is dependent on getting the things she needs at the present time from the Communist bloc. We have declined to sell to Cuba and we have urged other free countries to do so likewise, but with only partial success.

Mr. DOLE. There has been some discussion they might make alcohol from the wheat and use it in certain munitions—is there any evidence of this that you know of?

Mr. HARRIMAN. I do not know what she does with her sugar.

Mr. DOLE. I was talking about wheat.

Mr. HARRIMAN. About wheat—yes, I do not know—we do not know what they are going to do with it. They make vodka out of wheat, but it would be rather expensive to make commercial alcohol. As I say, they make vodka out of wheat. And they make it from potatoes.

Mr. DOLE. Do you think that we should limit our trade with Russia to agricultural commodities—you said consumer goods—would you include buses or anything of that kind?

Mr. HARRIMAN. Our trade with Russia is on a very strict licensing basis. It is not adhered to by the European industrial countries, that is, the Western countries. This policy has been developed over a period of years, but so far as I am concerned I think it ought to be loosened up. I think it would be of interest—to our interest to do so, but not in what is called strategic items, those items in the list that it has been agreed to between ourselves and our European allies, but it should not, in my opinion, be limited only to food. I simply said that it never occurred to me when we established these controls that it would ever apply to food.

As far as the Soviet Union is concerned this Government has been in existence for 47 years and it has been accepted as a trading relationship with practically all countries of the world.

Mr. DOLE. Would the same be true with Red China?

Mr. HARRIMAN. No, I think that our present relations with Red China, China being unwilling to carry out the terms of the agreement that was made with Korea and in other ways their showing of an

aggressive attitude, I believe that our policy of restricting all trade with China is right. China is in a quite different position. She is in an extremely difficult economic position and I think it is very important for us to continue our policy of nontrade.

Mr. DOLE. Thank you.

Mr. POAGE. The Chair wants to comment that we try to be as liberal as we can with the questions here, but we are here for the purpose of discussing Public Law 480. Public Law 480 does not refer either to Russia or to China. Neither one of them are subject to receiving anything under Public Law 480. I do not want to cut you off, Mr. Dole, but we are not discussing that. I want you to discuss the subject as fully as possible, but I wonder if we could not stick to the subject matter that is before this committee. We are not asking Mr. Harriman for just anything that he knows. Mr. Harriman has had vast experience in a great many fields, but that does not make it germane to the purpose of this hearing. This hearing is on Public Law 480. Trade with Russia and Red China is not before us. They are specifically excepted.

Mr. HOEVEN. Will the gentleman yield?

Mr. POAGE. Yes.

Mr. HOEVEN. Perhaps we have had enough discussion, but I think that in all fairness, Mr. Dole should be permitted to proceed.

Mr. POAGE. I let them discuss it for quite some time.

Mr. HOEVEN. Mr. Harriman, in your statement, among other things, you say that it is right for us to sell wheat to the Soviet Union. Is that not a proper subject for interrogation by committee members as long as you brought up the subject?

Mr. HARRIMAN. If anyone is at fault, I am at fault for having made that statement.

Mr. POAGE. I think it is a principle of law not to discuss a subject matter which is entirely foreign to the subject we are here for. If Mr. Dole wants to go ahead and discuss the subject, all right.

Mr. HARRIMAN. I apologize for bringing the subject in.

Mr. DOLE. I read the statement which was on page 2, and I was interested in Public Law 480 and also interested in anything else that he might have to say, and I was reading the statement on page 2 and I was very much interested in the discussion on India and the sales and so forth. I agree with many of the comments that Mr. Bell made and those made by Mr. Harriman. I do not want to take the chairman's time or to embarrass the witness, but since the statement was here and since Mr. Harriman has had this wide experience, I felt that I would find out more about the problem that I cannot find out from anybody else.

Mr. POAGE. I do not want you to feel that I am inclined to rule you out of order because you are not a member of this subcommittee. This subcommittee is here for the purpose of considering Public Law 480. Interesting as a general discussion of philosophy may be, or interesting as, or as important as, a discussion may be to the Committee on Agriculture to discuss the sale of wheat, the purpose of this meeting today is to discuss Public Law 480, and it does seem to me that we have to apply some rules of relevancy here. I know that some bodies do not do that, but this committee attempts to do so.

Mr. DOLE. I am through.

Mr. POAGE. Mr. Purcell is with us. We are glad to have you here. If there are any questions that relate to Public Law 480, you may pursue that subject.

Mr. PURCELL. Mr. Chairman, I thank you for this opportunity. I will only state that I have no questions. I have learned a great deal about Public Law 480 by attending this meeting and a few things about some other subjects for which I am also grateful.

I will conclude my remarks with those statements.

Mr. POAGE. Thank you, gentlemen, from the State Department.

Mr. HARRIMAN. Thank you.

Mr. BELL. Thank you.

Mr. POAGE. We have before us now Mr. Dwight Townsend, director of the Washington Office of the Cooperative League of the United States of America, who will present a statement of Murray D. Lincoln, who is president of the Cooperative League of the United States of America.

We will be glad to hear from you now, Mr. Townsend.

STATEMENT OF DWIGHT D. TOWNSEND, DIRECTOR, WASHINGTON OFFICE, COOPERATIVE LEAGUE OF THE UNITED STATES, ON BEHALF OF MURRAY D. LINCOLN, PRESIDENT, COOPERATIVE LEAGUE OF THE UNITED STATES OF AMERICA

Mr. TOWNSEND. I am here to present the statement of Mr. Murray D. Lincoln, who is president of the Cooperative League of the United States of America and also president of Nationwide Insurance Cos. and a rather prominent citizen interested in Public Law 480.

We are very much obliged for this opportunity to present his statement and to have it made a part of the record. Because of the lateness of the hour, I think that you would appreciate, possibly my briefing this statement, so that it will only take about 5 minutes.

Mr. POAGE. May I suggest that not one single member of the minority side is present, and only the chairman and another member of the majority side is present so that I just wonder if you would not want to just insert this statement into the record.

Mr. TOWNSEND. I am coming to that right now. I would like to suggest that with the report there is a statement of the food-for-peace program that Mr. Lincoln had a part in and I would like to ask the committee to consider inserting it.

Mr. POAGE. We will be delighted to do so.

(The documents referred to follow:)

STATEMENT OF MURRAY D. LINCOLN, PRESIDENT OF NATIONWIDE INSURANCE COS.

For the committee record, my name is Murray D. Lincoln. I am president of Nationwide Insurance Cos. with headquarters in Columbus, Ohio, and also president of the Cooperative League of the United States of America.

It may be a bit unusual for the head of a major insurance company to ask for time before your committee to talk about food for peace and the extension of Public Law 480. I have made this request because, in my judgment, the work which has been done under Public Law 480 and which can be done under its extension has a double impact for America. First, the use of our agricultural abundance overseas can be an important factor in easing our domestic farm problem and, second, food for peace has become a major instrument in foreign policy and in the winning of the cold war.

Over the years I have taken a strong personal interest in this matter of food and its production and use. It may be of interest to the committee to know

that I was raised on a rocky New England farm. I studied agriculture at Massachusetts State College. After that I became the first agriculture county agent in Connecticut, and later worked with a Massachusetts bank. I moved to Cleveland, Ohio, to be in charge of what they called the "cow and pig department" of the Society for Savings, a great financial institution run then by the late Myron Herrick.

For a quarter of a century, I served as the executive officer of an important farm organization, the Ohio Farm Bureau Federation, and helped to found and run its various cooperative enterprises. My work as president of Farm Bureau Insurance and now Nationwide Insurance, grew out of that experience. For years I fought all comers on the importance of abundant production of foodstuffs to serve as the basis for what I then believed was possible—an economy of abundance.

At the close of World War II, I helped organize and became the first president of the Cooperative for American Remittances to Europe, which you now know as CARE. For 12 years I served as its president and then moved to the position as chairman of the board, which I now hold. During this period of 17 years, I have had an opportunity to see hunger and poverty overseas, as well as at home. I have seen the impact of American foodstuffs when it is used intelligently overseas as part of our voluntary foreign aid program. You may be interested to know that to date we in CARE have distributed well over \$500 million worth of foodstuffs, self-help materials, and other supplies to people in 60 countries.

CARE pioneered in the use of agricultural surplus when we made an arrangement in 1950 for CARE to secure foodstuffs from the Commodity Credit Corporation, and then used our own funds and our own machinery of distribution for using very effectively these foodstuffs overseas. Predating the passage of Public Law 480, CARE evolved its now famous Food Crusade, whereby voluntary donations paid the costs of packing, processing, purchasing additional commodities to fit local diet habits and needs, programing, distributing, and administering the use of Government-donated bulk commodities.

With the passage of Public Law 480 in 1954, a significant additional support came with the provision that the U.S. Government could reimburse the voluntary agencies, including CARE, for the ocean freight costs in these relief operations.

I think you will be interested to know that by July 1963, CARE had distributed 3 billion pounds of commodities made available under Public Law 480 to 55 countries of the world. In fiscal year 1963 alone, some 860 million pounds of these commodities were distributed to 27½ million hungry people in 36 developing countries.

Of particular importance, in my own judgment, was the fact that of these people, more than 19 million were schoolchildren.

Next year we hope to distribute 1¼ billion pounds of commodities to 35 million people in 38 countries of Latin America, Africa, the Middle East, Europe, and Asia.

You will be particularly interested that CARE has been able to secure very substantial assistance from the host governments overseas, which makes it possible to handle many more commodities than our limited private funds in CARE would permit. You will also be interested in knowing, I am sure, that many hundreds of thousands of people in the recipient countries help in the distribution of these commodities either as teachers who take responsibility for the preparation of school lunches, committees of local citizens who work with these teachers, groups of men who have volunteered to help build special facilities to handle the school lunches and, in many cases, have gone ahead to build small, simple schoolhouses, to dig wells for better water supplies, and to do hundreds of things that facilitate CARE's school lunch programs.

The reason I speak about CARE with such enthusiasm is that I know personally of its operations. Many of these same things could be said about the other great voluntary organizations who have demonstrated again and again the tremendous job that American citizens, organized in their voluntary associations, are willing to do and can do to supplement American foreign policy.

During the last few days, you have undoubtedly heard a great deal about the overall food-for-peace program. During the last 3 years more than \$4½ billion worth of farm commodities have gone overseas. Roughly 75 percent of this was handled under the sales features of Public Law 480; that is, the sales for foreign currencies or for dollars on long-term credit. Incidentally, through this arrangement, \$665 million was reserved for U.S. Government uses overseas, including costs of embassies, military staffs, development, and technical assistance programs. These costs would otherwise have been paid in dollars appropriated

by the Congress so food for peace has actually become an important factor in benefiting our balance-of-payments position. One other factor is important, and that is that our Government would be facing tremendous costs for storage of these commodities if they were not moved overseas.

Approximately one-fourth of the total commodities moved have represented donations. These food relief programs have reached an estimated 100 million economically needy people in free countries. We are particularly pleased at the growth of this program in Latin America where today 9.4 million schoolchildren are getting school lunches every day under this program.

The members of this committee who know me best, are acquainted with my philosophy. I believe strongly in self-help, and feel that the world food problem is so great that it will never be solved by just using American agricultural surplus (I prefer to call it abundance) to feed hungry people. A survey by the U.N. Food and Agriculture Organization a couple of years ago, indicated that if all of the then existing U.S. surplus, some \$9 billion worth, were fed to hungry people in the free world, our surplus would last about 3½ weeks. Obviously the problem will be solved only when we can stimulate people to help themselves and provide them with the tools of self-help so they can tackle their own problems.

CARE never goes into a new country with a relief program without tying in a self-help program as well. In this way we have distributed many millions of dollars worth of agricultural equipment, hand tools, educational materials, medical supplies, pumps and pipes for better sources of water, cinva-ram machines for making construction blocks for building simple schools and houses.

I hope our example has been important in the great work that the Agency for International Development (AID) is now doing in the use of food for self-help. Although the program in AID is only 2 years old, donated foods have played an important part in paying the wages to build schools and roads, land reclamation, irrigation, reforestation, and other projects. Already such projects are underway in 22 countries, giving employment to an estimated 700,000 workers and providing supplemental food for 4.1 million persons.

Here again CARE has taken substantial leadership in the use of food for wages and food for capital in the development of projects. We have programs now in Ecuador, Costa Rica, Iran, Hong Kong, Korea, and the Philippines. One of the two projects in Iran is building 90 kilometers of road with local labor reimbursed with food commodities. This road will open up one of the most neglected sections of southern Iran and create an important avenue to wider markets, incoming and outgoing. The other project in Iran is to create irrigation, canals, roads, schools, and water supplies. There is a close partnership between the host government and local agencies providing equipment and other resources to make the project successful.

Public Law 480 can undergird the work of the Peace Corps and vice versa. In Guatemala, for example, CARE and the Peace Corps are working closely on improving facilities in rural schools where a CARE Public Law 480 school lunch program is already underway. We have reason to believe that a much closer cooperation between the Peace Corps and AID and the voluntary agencies can do a great deal to make even more important use of agricultural abundance overseas.

As you know, MEDICO is now a branch of CARE. It is possible to use food supplies along with the clinics and public health programs, which MEDICO is carrying on with doctors chosen and supported by CARE, in another dramatic people-to-people program.

Incidentally, I would strongly urge that this committee give consideration to incorporating a strong program for more nutritional food use as part of this food-for-peace program, in order to provide more energy and prevent diseases as these people become more and more self-sufficient.

The impact on education, of course, is tremendously important. The millions of youngsters who get their lunches through CARE and other voluntary agencies, are in better shape to get a better education because they are better fed than ever before. In many cases, this lunch is the only real meal the children get in the day.

We would urge that as Public Law 480 reaches its maximum effectiveness, food can be used as a device to stimulate food technology in these developing countries. Our food can help pay the wages or help provide the capital for more nutritional food, food preparation, storage, better facilities for serving, and so forth. This can be supplemented by canning of local food production.

CARE, of course, has stimulated production with better tools and seed. It is also possible that cooperatives in these host countries can use feed grains in poultry and pork and cattle projects to provide the additional proteins to round out the diets of people.

The Cooperative League of the U.S.A., of which I have served as president for the last 20 years, is keenly interested in this program. We have in our 15 million family membership, a very large part of the total farm population of America, so we're interested in food production and distribution. We also include cooperatives with a primary interest in food distribution, as well as processing. The Cooperative League is anxious to do anything it can, through its contacts and representatives overseas, to increase the effective use of our food abundance.

One of the important steps which could be taken to make this possible is to authorize the use of local currencies generated by sale of title I commodities to: (a) improve the technology and equipment of institutional and school lunch programs, and (b) provide professional medical services and modest local public health improvement for communities where the school lunch and other institutional feeding programs are underway.

We have learned, through our experience in both the Cooperative League and in CARE, that it may be important to help people (this is a moral responsibility). It is even more important, however, to help people to help themselves. The ultimate is to help people to help each other. The simple forms of cooperative enterprise, particularly in agricultural and newly developing regions, should, therefore, be encouraged to the utmost.

Immediately after his election, President Kennedy appointed me as chairman of a Task Force on Food for Peace. The other members were Senator Hubert Humphrey, Mary W. Lasker, the Honorable William Benton, Donald Murphy, and Rev. George Powell. Our task force report was presented to the President January 19, 1961. In that report we declared that our most important recommendation was a change of policy emphasis from "surplus disposal" to "world food needs." We said, and I quote:

"A new approach is needed, an approach which will emphasize the fact that two-thirds of the world population is suffering from inadequate diet, malnutrition and, in some cases, from outright starvation—that the United States is the greatest producer of agricultural commodities in world history—that adequate diet is essential to the prompt stabilization of new governments and new nations, and a necessary foundation stone for their future economic development—in short, that America's agricultural productivity, properly used, is of basic importance to our whole foreign policy."

I am very happy to report that there has been a great change in attitude, and that the program for food for peace is moving forward rapidly and effectively. In this connection, it is not generally known that the food-for-peace program, administered by the Director of Food for Peace in the President's Office, the Department of Agriculture and AID, in very effective teamwork, has provided nearly \$1½ billion a year as part of our foreign aid program and is, therefore, probably the largest single factor in our foreign aid program.

Our food-for-peace task force made a series of recommendations for improvements in the administration of the food-for-peace program. It urged the expansion of operations of the voluntary agencies, it suggested certain legislative changes to strengthen the program, and urged that, where possible, food distribution be channeled through the United Nations. It is encouraging to note that important progress has been made on each of these points.

Very little known is the fact that the United Nations and its specialized agency, the Food and Agriculture Organization, have launched a world food program. Its initial goal of \$100 million in food supplies and capital, has almost been achieved in full. We are providing \$40 million worth of agriculture surplus and \$10 million in U.S. dollars. Already 26 projects have been approved and many of the programs are well underway. Through the world food program we are stimulating other countries to join us in this worldwide food-for-peace effort, thereby cutting our costs and stimulating the self-help policy worldwide.

At the World Food Congress in Washington last year, President Kennedy declared that for the first time in world history we have the resources and the know-how to banish hunger from the face of the earth. All that we need is the will.

This job can be done only if we use our agricultural abundance to the full and also stimulate all of the people in the world to help themselves and help each other toward an achievable world of abundance which, in my judgment, can also be a world of democracy and peace.

LETTER OF TRANSMITTAL

JANUARY 19, 1961.

HON. JOHN F. KENNEDY,
U.S. Senate,
Washington, D.C.

DEAR SENATOR KENNEDY: Pursuant to your statement of October 31, 1960, we have the honor to present to you, herewith, a report containing our specific recommendations for implementing your six-point program for food for peace.

In preparing this document we have had the assistance of officials of the Department of Agriculture, the ICA, and the State Department, as well as the advice and experience of many citizens familiar with the operations and objectives of our surplus food programs.

It is our conclusion that tremendous opportunities exist for transforming our present surplus disposal operations into a constructive effort to use our abundance of food and fiber in building lasting foundations for durable peace and for the development of the emerging countries of the world.

Our study indicates that the quantities of food and fiber going overseas at the present are substantial and do much good in the world, but that the program should be given a new orientation and that many important changes are required on the part of the executive agencies of the Government and in legislation. These changes are outlined both in the report and our recommendations.

Respectfully submitted.

MURRAY D. LINCOLN, *Chairman*.
HUBERT H. HUMPHREY,
MARY W. LASKER,
WILLIAM BENTON,
DONALD MURPHY,
GEORGE FORELL.

THE FOOD-FOR-PEACE PROGRAM

(A report of the Food-for-Peace Committee appointed by Senator Kennedy, October 31, 1960, submitted by the Committee to the President-elect, January 19, 1961)

MEMBERS OF THE COMMITTEE

Murray D. Lincoln, Chairman; president of CARE and president of Nationwide Mutual Insurance Cos., Columbus, Ohio.
Hon. Hubert H. Humphrey, U.S. Senator from Minnesota, and sponsor of the International Food-for-Peace Act in the 86th Congress.
Donald Murphy, director of editorial research, Wallace's Farmer, Des Moines, Iowa, and former chairman, Agriculture Committee, National Planning Association.
George W. Forell, professor of systematic theology, Chicago Lutheran Theological Seminary, Maywood, Ill.
William Benton, Southport, Conn., former Member of the U.S. Senate.
Mrs. Mary Lasker, New York City, N.Y., active supporter of medical and health research, and nationally known leader in public health, cancer, heart, and mental health organizations.

FACTUAL SURVEY

WORLD FOOD NEEDS

The average daily calorie consumption is adequate in European countries, and more than adequate in some of them; but calorie intake throughout the Far East is well below the necessary level, and not up to acceptable standards in western Asia, Africa, and Latin America.

Moreover, serious dietary deficiencies exist even in some countries where the daily average calorie intake is substantial. Hundreds of millions of people subsist on diets short of energy value, lacking in proteins, and fats and oils.

Per capita food production in the underdeveloped countries has fallen since the years before World War II. Agricultural output in these countries is in a grim race with rising population. Over the next 10 years, it is estimated by the Department of Agriculture that food production per capita in the underdeveloped countries will increase by only one-third of 1 percent a year. This means that these countries cannot possibly feed their people adequately by their own efforts alone.

IMPORTANCE OF U.S. FARM EXPORTS

Exports of farm products in 1960 were about 11 percent of the total value to the farmer of all his sales, domestic and foreign. Compared to farmer net income (\$11.6 billion in 1960) exports were of course much greater. Exports in fiscal 1960 were equivalent to about 65 percent of the total value of farm surpluses held by the CCC on June 30, 1960.

Cash value to farmer of all sales in 1960, \$34 billion.

Dollar value of all U.S. farm exports, fiscal 1960, \$4.5 billion.

Dollar value of CCC holdings, June 30, 1960, \$7.2 billion.

HOW U.S. FARM EXPORTS ARE FINANCED

U.S. agricultural exports valued at a total of \$4.5 billion in fiscal 1960 were the second highest annual total on record :

(a) Dollar sales

Of this total, \$3.1 billion went for a dollar return. The greater part of our dollar sales are straight commercial transactions, without Government aid; a lesser part, ranging from 30 to 40 percent in recent years, is sold with Government assistance in the form of Government credit or Government subsidies. Such subsidies, either in cash or payment in kind, are provided to the exporter to enable him to offer certain of our products at competitive prices in the world market.

(b) Special export programs

Of total U.S. exports of \$4.5 billion in fiscal 1960, \$1.4 billion, or 31 percent, was financed through special programs, mostly under Public Law 480 and the Mutual Security Act. For this \$1.4 billion we did not get dollars in return. Some of it was sold for inconvertible currencies, and some of it was in the form of grants. The local currencies acquired by the United States from these transactions are expendable only in the country of issue and only in ways authorized by U.S. law and agreed to between the United States and the foreign government concerned.

The various special programs that went to make up this \$1.4 billion total in fiscal 1960 are as follows:

1. *Foreign currency sales under title I of Public Law 480.*—This is the largest of the special programs, accounting in fiscal 1960 for 18 percent of total U.S. farm exports. Sales agreements specify, among other things, what is to be done with the local currency proceeds. Most of these agreements are for no more than a year's duration, although the agreement with India, signed on May 4, 1960, was for 4 years. By and large, these sales do not interfere with commercial exports of the United States or other countries.

2. *Foreign currency sales under the Mutual Security Act.*—This act requires that a certain amount (currently \$175 million) of the Mutual Security Act appropriation be used to buy U.S. farm surpluses and sell them to foreign countries for local currencies which are then used, by agreement, to further mutual security programs. In spite of precautions, a certain portion of these sales inevitably replace commercial U.S. exports.

In fiscal 1960, disposals under the Mutual Security Act accounted for 4 percent of total U.S. farm exports.

3. *Emergency relief operations—Title II of Public Law 480.*—These are not sales but grants or donations of CCC stocks to meet emergencies, such as famines or disasters, and to provide supplies for institutions and school lunch programs.

In fiscal 1960, these grants totaled 2 percent of total farm exports.

4. *Donations—Title III of Public Law 480.*—CCC stocks are donated to voluntary U.S. relief, welfare, or religious agencies operating abroad, or to intergovernmental relief organizations such as UNICEF, for feeding needy people in foreign lands. Shipments under these programs went to 92 countries last year.

In fiscal 1960, these shipments represented 2 percent of total farm exports.

5. *Barter—title III of Public Law 480.*—Under the barter program the CCC swaps its stocks, acting through private traders, for the value equivalent in strategic materials for the U.S. stockpile, or for materials needed in offshore defense construction or military assistance. This program is heavily criticized, at the bartered farm products often interfere with regular dollar markets, and U.S. stockpiles of strategic materials have just about reached the limits of conceivable usefulness.

Total exchanges under this program in fiscal 1960 were 3 percent of all farm exports.

6. *Long-term credit sales—title IV of Public Law 480.*—Under this provision the United States may sell farm surplus for dollars on a long-term credit basis with a period of up to 20 years for repayment. No sales have yet been made under this authority, which has existed for a year and a half.

WHAT IS THE VOLUME OF OUR EXPORTS UNDER THE SPECIAL PROGRAMS?

In the 5-year period ending June 30, 1959, exports under these special programs accounted for 35 percent of our total farm exports; 1960 was the first year since 1956 that they fell below a third.

In terms of specific commodities, over the past 6 years ending June 30, 1959, these programs accounted for 75 percent of our total exports of wheat, 59 percent of our total exports of rice, 57 percent of our total exports of vegetable oils, and 36 percent of our total exports of feed grains and 35 percent of our exports of cotton.

WHERE ARE OUR EXPORTS GOING?

Dollar exports

In 1958–59 eight countries took three-fourths of our dollar exports. These countries were: United Kingdom, Canada, Belgium-Luxembourg, West Germany, Netherlands, Japan, Venezuela, and Cuba.

Latin America, in that year, got \$417 million, or about 17 percent of our dollar exports; Europe got \$1.2 billion or about half; all of Asia, including the Near East, \$450 million or about 19 percent; and all of Africa got the least, \$45 million, about 2 percent.

Special exports

Europe as a whole still takes about 40 percent of our special program exports, with Asia taking another 40 percent, and Latin America and Africa together taking only a little better than 10 percent. The big recipients in Europe are Spain, Yugoslavia, Italy, Poland, and France. In Asia they are India, Korea, Pakistan, and Taiwan.

WHAT IS BEING DONE WITH THE LOCAL CURRENCY PROCEEDS UNDER THE SPECIAL PROGRAMS?

The CCC is reimbursed in dollars by congressional appropriations for the value of the commodities sold for local currencies, plus the value of shipping costs. Under Public Law 480, the local currency received from sales is placed in a U.S. account in the foreign country to be disbursed in accordance with the agreements. Various agencies of the U.S. Government are responsible for various kinds of expenditure; the Department of Defense for military purchases, the ICA and DLF for loans to the local government, etc. The Bureau of the Budget has to approve any use of these funds for U.S. agencies' expenditures—such as embassies, etc. Local currencies collected under the Mutual Security Act—a small percentage of the total—are handled differently, as counterpart funds.

Out of \$3.5 billion worth of local currencies collected under Public Law 480 by April 1, 1960, only \$1.4 billion has been disbursed. Collections, of course, run well behind shipments. Total shipments on that date were \$4.8 billion.

The two major uses of the local currencies are economic development loans to the foreign country and military procurement.

As of April 1, 1960, \$293 million of local currency proceeds had been allocated to military procurement for the common defense, mostly in the countries of Korea, Pakistan, and Turkey, with Taiwan a poor fourth. To this should be added \$115 million for the housing of military families overseas. On the same date, \$741 million of local currencies had been disbursed to foreign governments under loan agreements for economic development. The ICA administers these loan agreements.

Of this \$741 million, the Far East got \$112 million; the Near East and south Asia, \$234 million; Europe, \$275 million; Latin America, \$120 million; Africa, nothing. The biggest country recipients—all over \$50 million—were Japan, India, Israel, Italy, Spain, Yugoslavia, and Brazil.

The largest share of these disbursements (\$315 million) goes for development of industry and mining, including sizable disbursements in Yugoslavia, Israel, and India for power generation and distribution. Agricultural development projects, including irrigation, account for \$171 million. Health and sanitation purposes claim the smallest amount, \$10.8 million, and educational pur-

poses claim little more—\$15 million—with substantial expenditures for education only in Yugoslavia and Spain. Transportation, community development, and miscellaneous purposes account for the rest, \$230 million.

Other purposes for which the local currencies are used account for relatively minor sums. They are (1) activities for developing export markets for U.S. agriculture, \$27 million; (2) purchases of goods for other friendly countries—three-way deals—\$54 million; (3) grants for economic development purposes, \$68 million (in five countries only—Ceylon, Greece, India, Pakistan, and Yugoslavia); (4) loans to private businesses, mostly American firms, \$66 million. (All figures as of April 1, 1960.) The balance is used for the payment of the expenses of U.S. agencies abroad, and the CCC is reimbursed from the appropriations of the agency concerned.

THINGS THAT CAN BE DONE NOW BY ADMINISTRATIVE ACTION UNDER EXISTING LAW TO IMPROVE THE PROGRAM

I. Change in conception and philosophy

The conception, the philosophy, and the nomenclature of “surplus disposal”—disposal of unwanted food, feed, and fiber—to this day underlies and permeates U.S. legislation and the outlook and activities of the Department of Agriculture, imposing limitations upon full use of our agricultural capacity to meet human need, as well as conscious or subconscious feelings of guilt and frustrations upon the Government, and, indeed, all Americans. It is of fundamental importance to work toward a national food policy which recognizes the following:

Food, to satisfy hunger, and fiber to clothe the needy, are the most elementary necessities, without which man is incapable of moving on to higher forms of satisfaction and fulfillment.

U.S. agricultural productive capacity is the Nation's most precious treasure, the result of favorable climate, the industry of our farmers, the achievements of our science and technology. The production of food and fiber is what we do best in the world.

It is the aim of the United States to put this agricultural capacity to the fullest use to meet human need, and promote human advancement and development, both at home and abroad.

In adopting this conception, we will be concerned about nutrition and the fact that we are not producing enough of certain agricultural commodities (oils and fats, meats, butter, nonfat milk, soybeans, peas, etc.) as are needed to sustain adequate diets either for our needy in the United States or for the needy abroad.

To realize the aim of the United States, as stated above, and at the same time secure a fair return to the farmer, it will be necessary to bring about shifts in production from wheat and corn into the oils and fats and protein foods needed for a nutritional diet.

II. Increasing the food available to the needy in the United States

Any consideration of food for peace must be prefaced with the emphatic statement that all steps possible should be taken to improve and extend the feeding and clothing of the needy in the United States, for law, justice, and public opinion give these clear priority.

The special task force named by President-elect Kennedy to draw up a program of action to assist people in economically distressed areas of the United States has recommended, in part I, section 1, of its report, certain specific actions. Virtually all of these things may be done by administrative action under existing law, although in some cases new interpretation of the law may be required. We urge that these recommendations be implemented without delay.

III. Increasing the use of food for peace abroad

1. *Shipment under long-term loans, repayable in dollars over 20 years with low interest rate.*—The 86th Congress added in the summer of 1959 a new title IV to Public Law 480 authorizing such loans (in addition to local currency sales under title I and grants under titles II and III). Not a single agreement has been concluded under this provision owing chiefly to two things:

(a) The Bureau of the Budget has refused to authorize the Department of Agriculture to seek from Congress reimbursement to the Commodity Credit Corporation for funds committed long-term under title IV even though requests for reimbursement are invited in the law itself. This being the case, loans under title IV would only tie up and reduce CCC funds for 20 years.

(b) The National Advisory Council has looked with disfavor on long-terms loans on consumer goods and obstructs such loans on agricultural commodities under title IV.

It is not certain how eager foreign countries are or would be to contract dollar loans under title IV; but inasmuch as there are in some countries mounting objections to further local currency purchases under title I and grants under title II, it could be that operations under title IV would become important if obstructions were removed.

It is recommended, in connection with the revision and extension of Public Law 480 which must occur this year, that title IV be amended to extend the repayment period to 40 years, specify an interest rate of 2 percent, and to accept payment in dollars, goods, or services.

2. *Food in direct payment for labor on public works or economic development projects.*—Economic experts have long urged that surplus foods be granted to the governments of underdeveloped countries for direct payment in kind to labor working on dams, roads, ports, and other public works projects contributing to the development of these countries.

The 86th Congress authorized this in the summer of 1959 as an amendment to Public Law 480, but it remains a dead letter for several reasons:

(a) The provision was limited in point of time, and expires on June 30, 1961. This time limitation makes operations under the provision unattractive to some governments who are understandably reluctant to embark upon programs of doubtful continuation. Assurance that the new Administration will seek removal of this time limitation might encourage expanded operations at once. Removal of the time limitation in subsequent legislation could very well result in an enormously useful program.

(b) The Administration has issued instructions to the field, regarding the use of this provision, which were so stringent and constricting as to assure its nonuse. New instructions to the field are necessary.

(c) Under the law the International Cooperation Administration may not use its dollar funds in connection with public works projects, although it may sell some food or fiber for local currency to acquire simple tools and implements. This should be changed in a revision of Public Law 480.

(d) Apparently no effort has been made by our Government to combine food payments under this provision with economic development projects financed by the Development Loan Fund, or the International Development Association. Some effort and coordination here might produce spectacular results.

(e) What is needed here is strong top level encouragement, dedicated enthusiastic people down the line, and proper Government organization and coordination.

3. *Government-to-government food grants for school lunch programs.*—Such programs have been enormously successful in Italy and Japan (these are being phased out), Tunisia, and (through CARE) in Egypt, yielding not only great human benefits but political benefits as well. The International Cooperation Administration has declined to extend these programs to other countries on the following grounds:

(a) The minimum requirements for school lunch programs are bread and nonfat dried milk. Cheese, soybean oil, dried peas, and the like are, of course, desirable additions, and any one of them might in case of necessity substitute for nonfat milk. Under existing agricultural policies we are not certain that any of these commodities except wheat (for bread) will be in official surplus and available. Even a continuous surplus of nonfat milk is uncertain. There is, therefore, a legitimate reluctance to initiate programs without being certain of being able to follow through on them. This obstacle to expansion of the school lunch programs abroad can, of course, be removed by policies and arrangements which will assure sufficient quantities of the necessary commodities on the shelf to supply the prospective needs.

(b) Another obstacle is the fear that countries aided in school lunch programs will take them for granted as a permanent handout without effort to take them over and continue them with their own resources. The Administration has declined to initiate programs without hard and fast phaseout arrangements. Phaseout and takeover arrangements are ultimately important, but they have been given such undue emphasis by the Administration as to stunt the program.

There is no question that the school lunch program could be expanded with great human and political benefits. Here, again, top-level directives and enthusiastic, competent, dedicated staff down the line are the essence of the problem. Note: It should be emphasized here that both with regard to the

school lunch program and the public works program (see No. 2, above), there is considerable opportunity for the proposed Youth Peace Corps. Simple problems such as steady delivery or operating simple machinery, mixing powdered milk or opening cans or assuring sanitation on school sites assume enormous significance in many backward countries. A Youth Peace Corps might be exceedingly useful.

4. *Expanding the operations of the voluntary agencies.*—Simply through administrative action the relief and welfare programs carried on in foreign countries could be considerably expanded. These operations are at present greatly restricted by phaseout and other requirements. At the present time 20 U.S. voluntary agencies plus UNICEF and the U.N. Relief and Works Administration distribute foodstuffs in 99 countries and dependent areas. Largest distributors are Catholic Relief Services, CARE, Church World Service, Lutheran World Relief and the American Jewish Joint Distribution Committee. These 22 agencies of nearly \$200 million. This could be increased substantially with simple changes in regulations. It is estimated the agencies could handle in the neighborhood of 5 billions pounds per year by relaxing the phaseout restrictions laid down by the Francis Committee.

These food programs yield enormous returns not only in strong and healthy bodies but also in friendship for the United States.

5. *National food reserves.*—In 1957, Senator Humphrey introduced a resolution into the 1957 session of the United Nations General Assembly, calling for international cooperation to help food-deficit countries establish and maintain national food reserves and to build the necessary storage facilities, and it was passed. Since then, however, the Administration has made no move to provide U.S. action which is essential to implement it.

It is generally recognized that because of lack of foreign exchange the food deficit countries most in need are unable to build national food reserves from purchases, and that if these are to be established, it will have to be done by means of food grants from the surplus producing countries.

There are, of course, many advantages to minimum national food reserves in chronically food-deficit countries (especially India, Pakistan, Korea, Turkey, Egypt, and Brazil). Without reserves, markets in these countries are frequently upset by the operations of speculators who drive up prices mercilessly, causing great hardship and starvation. Also, in case of famine or other disaster, there are great delays in bringing in relief stocks from thousands of miles away.

From the point of view of the United States it would be of advantage to help food-deficit countries create and maintain national food reserves because of the high storage charges in the United States. Grants for national food reserves would, of course, be largely a one-shot operation, but it might help at once to relieve the storage position and reduce storage costs in the United States.

There is no specific provision in Public Law 480 for grants to foreign countries for the purpose of building up national food reserves. Nevertheless, the President possesses adequate authority under existing law to help a number of countries make a good start toward building adequate food reserves. Subsequently it will be desirable to acquire specific authority in a revision of Public Law 480.

NEW LEGISLATION REQUIRED

1. *Immediate*

Immediate additional authorization is needed for local currency sales of surplus agricultural products during the calendar year 1961 under title I of Public Law 480, and these funds should be requested independently of the thorough revision of Public Law 480 which should be requested of Congress later in the session.

The last extension of Public Law 480 authorized \$1.5 billion a year for title I sales for the 2 calendar years 1960 and 1961. The program has moved along rapidly, however, and of the total authorization only a small amount is now uncommitted. Remaining funds will be committed or in negotiation before the end of February, and unless additional authorization is enacted before that time, negotiation of some programs of substantial size will probably have to be delayed.

Secretary Benson has sent to Congress a request for an additional \$1.1 billion authorization for 1961. This figure, however, should be carefully reconsidered; it may very well be too small to accommodate transactions even now in prospect, much less those which might appear as a consequence of new administration. Upon evidence available, it appears the supplementary figure should be at least \$2 billion for the remainder of calendar 1961.

2. Some time during the current session of Congress

Public Law 480 will necessarily come before the Congress for extension at the current session. Some of its most important financial authorizations (including that under title I) expire on December 31, 1961. A thorough revision of Public Law 480 to transform it from a Surplus Disposal Act to a Food-for-Peace Act is recommended. The revised Public Law 480 should make provision, among other things, for the following :

(a) A new statement of purpose which will transform what is now a Surplus Disposal Act into a Food-for-Peace Act designed to use American agricultural capacity to the fullest practicable extent to meet human need the world over and to promote world economic development.

(b) Centralized coordination and direction of the food-for-peace program.

(c) Authorization for a 5-year program. This is imperative if we are to have an effective food-for-peace program. Foreign governments must know several years in advance what they can count on from us if they are to plan ahead their own economic development; and it is also imperative if the United States is to bring about the necessary shifts in domestic production so it will have the right kinds of stocks on its shelves to meet the needs of the program.

(d) Authorization for title I sales at the rate of \$3 billion a year. During the calendar years 1960 and 1961 title I sales are running at the rate of between \$2 and \$2.5 billion per year, and there are considerable potentialities for expansion.

(e) Authorization of emergency assistance under title II, through grants of surplus agricultural commodities, over a period of 5 years, at a rate not exceeding \$500 million a year, to friendly peoples in meeting famine or other emergency relief requirements. Authorization should also be added to make grants of such commodities to assist friendly nations in establishing, expanding, or carrying out programs for the relief of chronic hunger and malnutrition.

(f) Title IV should be revised to extend the repayment period for long-term supply contracts to 40 years, and the interest rate should be specified as not exceeding 2 percent per year, repayment to be accepted in dollars, goods, or services.

(g) Grants of surplus agricultural commodities over a period of 5 years to help food deficit countries, under agreements, build up and maintain minimum national food reserves (in accordance with the U.S. sponsored resolution adopted by the United Nations on February 20, 1957).

(h) The negotiations of agreements with friendly countries to establish in such countries binational, nonprofit foundations to foster and promote research, education, health, and public welfare and to grant to such foundations unexpended local currencies which accrue to the United States as repayments of principal or payments of interest on local currency loans heretofore made by the United States under Public Law 480 or made hereafter under the Food for Peace Act.

(i) General authorization to the President, without restriction, to use or dispose of foreign inconvertible local currencies accruing to the United States under Public Law 480 operations in order to accomplish the following :

(1) Maximum savings in U.S. dollar expenditures abroad ;

(2) Maximum practicable support of programs in foreign countries agreed to by the United States ; and

(3) Fullest support of the foreign policy objectives of the United States.

The steadily accumulation of large amounts of inconvertible foreign currencies is placing great and increasing burdens upon U.S. foreign relations and holds potentialities which are highly dangerous. The numerous restrictions imposed by Congress upon the use or disposition of these currencies prevents their most effective use either for saving dollar exchange or for promoting U.S. objectives abroad. A number of highly competent surveys of the problem of local currencies have been made in recent years, and they all reached the conclusion that great executive latitude is required. It is important for the Government, the Congress, and the American people to recognize that these local currencies are assets that are usable only in the countries of issue, with the agreement of the countries of issue ; that they are not substitutes for dollars ; and that they should not be subjected to the appropriations process.

U.S. POLICY TOWARD FOOD DISTRIBUTION BY THE UNITED NATIONS AND THE FOOD AND AGRICULTURE ORGANIZATION

The U.S. delegation to the United Nations submitted a resolution to the General Assembly in the fall of 1960, subsequently passed, which (1) requires the FAO to consider methods by which present programs for moving surplus food

can be improved, and (2) calls on the FAO to study what new techniques can be developed to add to the uses of surpluses. The FAO findings and recommendations are to be reported to the United Nations Economic and Social Council in June 1961.

The FAO Council has already taken action to gather a small group of independent experts to assist in the task, to arrange for consultations with other groups, and has established an advisory committee of 13 FAO member nations, including the United States, to advise the Director General on his report to Ecosoc. This group of independent experts is to meet in late January of this year, and the advisory committee in late March or early April.

The United States, having initiated this activity, has no policy. It is necessary to develop one without delay.

There are two possibilities: (1) To make the FAO merely a clearinghouse with regard both to surpluses and the needs of other countries, or (2) to launch the FAO on a positive action program in certain countries, such as the Congo, where bilateral operations are difficult or impossible.

The clearinghouse approach

Under the clearinghouse approach, FAO would become a focal point for (1) advising recipient countries of the different programs under which commodities are available from recipient countries, (2) helping recipient countries frame program requests, (3) advising supplying countries of changes needed in program policies or operations to make them more effective, (4) a continuing analysis of surplus availability and needs, and (5) supplying technical assistance to recipient countries with respect to transportation, storage, and distribution problems. One of the major considerations in the activity would be to insure that special programs did not encroach on established commercial trade. This is purely an advisory function.

The positive action approach

Supplying countries would notify the FAO of the amounts and kinds of commodities they were prepared to deliver for stated forward periods. These stocks would remain in supplying countries under their control. Recipient countries having emergency food needs resulting from such events as crop failures, earthquakes, civil disturbances, or having severe, chronic malnutrition problems, and preferring to deal with a multilateral system, would apply to FAO. Agreements would be negotiated between the FAO and the recipient countries, and would include such terms as commodities, amounts, delivery schedules, etc. FAO would match these needs against supply commitments and decide which supplying country or countries should fill the needs. Upon order from FAO, the supplying country would be responsible for shipping commodities to the recipient country. Thus the supplying country would not only donate the commodities, but would pay costs of transportation. The commodities would be donated free of charge to recipients. FAO would provide supervision and end-use checks in the receiving countries. Other supplying countries would be invited to commit supplies for use under this program, but participation by other countries should not necessarily be a condition for the United States supporting the FAO approach.

At an early date the United States could make known that it is prepared to furnish a fixed amount of commodities, for example, \$100 million worth for a 3-year forward period. Commodities which the United States could make available regularly during this period would include wheat, wheat flour, corn, cornmeal, and intermittently, depending upon CCC inventory conditions, non-fat dry milk, butter, cheese, rice, and vegetable oils.

These operations would be the responsibility of a new Commission within FAO. The Commission would require staff help in Rome and in the field. The head of the Commission would report only to the Director General on high policy matters. The Director General and the Commissioner would be advised by an advisory committee of FAO member countries representing both supplying and receiving countries.

The FAO approach would supplement present food distribution efforts. It would give a relatively simple action role to FAO which, if handled successfully, can be supplemented with other activities at a later date. Third, it would not lay down a cost-share rule for other supplying countries. The surest way to kill any FAO action role is to fix a percentage contribution required of other countries of the world.

We strongly recommend that the United States support in the United Nations the positive-action approach to food distribution through the Food and Agriculture Organization.

RECOMMENDATIONS

Our recommendations are of two kinds: First, those having to do with changes in policy, administration, and legislation to improve the existing programs, most of which are explored at length in the body of our report; and, second, those suggesting additional measures to support and enlarge the food-for-peace concept in a national and international context.

I

1. Change policy emphasis from surplus disposal to world food needs

The present food-for-peace program remains, in its basic philosophy, a program for the disposal of unwanted U.S. surpluses. Consequently, the achievements of the food-for-peace program have been obscured and its possibilities have not been fully exploited. A new approach is needed—an approach which will emphasize that two-thirds of the world's population is suffering from inadequate diet, malnutrition and, in some cases, from outright starvation—that the United States is the greatest producer of agricultural commodities in world history—that adequate diet is essential to the prompt stabilization of new governments and new nations and a necessary foundation stone for their future economic development—in short, that America's agricultural productivity properly used is of basic importance to our whole foreign policy.

Such a new approach will not only help to solve the problem of our present surpluses but also will demonstrate that in many foodstuffs, particularly proteins, we have deficits rather than surpluses.

The most important single recommendation of our committee is that our Government should make this deliberate change in the emphasis and direction of our food-for-peace program. Inevitably this will require adjustment in production and marketing policies. Ultimately, however, such adjustments may well have the effect of expanding commercial markets overseas for a wider range of American agricultural products.

2. Improvements in the administration of food-for-peace programs

We recommend the following administrative measures to increase the outflow of agricultural products under the food-for-peace program. These measures can be undertaken without additional legislative authority or without changes in existing authority.

(a) The Government should utilize the authority vested in it by title IV of Public Law 480, adopted in 1959, authorizing transfers of surplus agricultural commodities under long-term loans repayable in dollars with low-interest rates for periods up to 20 years. Present obstacles to the exercise of this authority should be overcome, and the program should be initiated as soon as possible.

(b) The Government should exercise the authority conferred by an amendment to Public Law 480 in 1959 to make grants of surplus commodities to underdeveloped countries for direct payment in kind to labor engaged on public works projects within the countries. This authority has hitherto not been exercised. It might very well stimulate, through the use of our food, major improvements in the local countries such as dams, roads, and ports, which would contribute materially to their economic growth.

(c) The Government should extend school lunch programs overseas. The feeding of schoolchildren at their schools is one of the most efficient ways to supplement inadequate diets and to improve health in the underdeveloped countries.

(d) The Government should help establish minimum national food reserves in countries suffering from chronic food shortage, as recommended by the United Nations General Assembly. Even in the absence of authority to provide food on a grant basis for the establishment of food reserves, much can be done under existing authority to help create such reserves.

3. Expanding the operations of the voluntary agencies

American voluntary agencies have played a great part in the distribution of agricultural commodities overseas. The Government should remove all unnecessary obstacles to their operations. I particular:

(a) The Government should make firm supply commitments to the voluntary agencies for longer time periods.

(b) The Government should modify present restrictions requiring programs to be planned so that they will terminate in a specific and limited period of

time. In areas of the greatest need phaseout restrictions are a handicap to setting up and carrying on useful programs.

(c) The Government should process certain agricultural commodities to permit their more efficient use by the voluntary agencies. Particularly, we would recommend the processing of soybeans to provide fats and oils for voluntary distribution, and the processing of cotton into textiles for use as sheets, pillowcases, and other items in hospitals and charitable institutions overseas. Furthermore, open market purchases should be made where necessary in support of voluntary programs.

4. Legislative measures

We recommend the following legislative measures:

(a) Immediate authorization of at least \$2 billion for the balance of calendar 1961 under title I of Public Law 480.

(b) Public Law 480 should be extended for a 5-year period. It will expire, at least in its most important provisions, on December 31, 1961. Total authorization under title I of the extended act should be at least \$3 billion a year instead of the present \$1.5, and under title II, \$500 million a year.

(c) Public Law 480 should be revised not only to include larger authorizations, but to improve the concept and the administration of the program. In particular, the bill should expand the loan authority to permit 40-year loans for the purchase of agricultural commodities; it should provide specific authority to grant agricultural commodities to establish national food reserves; and it should confer authority to create binational foundations for the use of local currencies in health, educational, and other activities; and it should contain full authorization to the President, without restriction, to use, manage, and dispose of local currencies accumulating under the program in order to save dollars and make the fullest contribution to the foreign policies of the United States.

5. Food distribution through the United Nations

We recommend that the United States seek the establishment under the FAO of a food distribution agency to operate in areas where bilateral approaches are difficult or impossible. Such an agency could draw supplies from surplus countries and direct them to deficit areas. It should not, of course, duplicate or interfere with satisfactory national operations in the field. At the outset its concern would be primarily with areas which are particularly the responsibility of the United Nations, such as the Congo. Later on its activities might be expanded to fill any obvious gaps in the nation-to-nation programs.

In addition, the FAO should continue to expand its present function as a clearinghouse for statistical information on food needs and food surpluses.

6. The Food-for-Peace Director

The food-for-peace program necessarily involves both the Agriculture Department and the State Department, the former being responsible for the food supply, and the latter for international relationships. It would be unwise in our opinion to attempt to place entire responsibility for the food-for-peace program in either of these two major departments. In addition to State and Agriculture, other departments and agencies are involved in the program including the Bureau of the Budget and the Treasury Department.

To insure that the program functions vigorously, therefore, it is necessary to have a central point of responsibility and initiative. We are pleased to note that the President-elect has recognized this in the appointment of a Food-for-Peace Director. In our opinion this officer should continue to be responsible to the President and serve as his principal adviser and agent in connection with the food-for-peace program. The Food-for-Peace Director should be responsible for establishing policies, for determining the requirements in overseas areas for food and fiber under the program, for expediting the fulfilling of these requirements, for coordinating the operations of the program, for collecting and publishing information and data on the program, and for reporting on it to the President. The Food-for-Peace Director should have sufficient staff to carry out these functions, and direct access to the President when required.

It will be appropriate to consider the reallocation of statutory powers and authorities only after some experience of the program under the new Director. At the present time we are not prepared to make recommendations on the rearrangement of statutory powers and responsibilities.

II

1. National Advisory Committee on Food for Peace

We recommend that the President appoint a National Advisory Committee on Food for Peace. This would be a Committee of citizens representing the major voluntary organizations in the areas of education, oversea distribution, and technical assistance, labor, religion, business, agriculture, and the cooperative movement. It would be the function of this Committee to review the program from time to time, to make recommendations of policy to the President, and to enlarge public understanding of the importance of the program.

2. World Food Conference

There is great need for world education and world understanding of nutritional needs and food production problems. It is particularly important that the newly developing areas do not neglect the agricultural side of their economic programs and at the same time that they lift their sights on the nutritional levels of their countries. Furthermore, systems of emergency feeding and distribution to the needy are rudimentary or nonexistent in many countries, and local voluntary organizations need to be created or motivated to take part in these activities.

To stimulate a great international effort in this whole area of food, fibers, and nutrition, we recommend that a World Food Conference be called, bringing together from each participating country not only government representation but also delegates from farm cooperatives and voluntary distribution organizations. This conference might be called by the FAO, and in any case it should be held under its leadership. The initiative for calling such Conference might well come from the President.

3. Food-for-peace missions: Africa

We recommend that special missions be sent to a number of countries and regions to explore with governments in these areas the possibility of raising nutritional standards through the use of our agricultural products, expanding their own agricultural production, and improving food distribution. In our opinion, much is to be gained through well-staffed, high-level intergovernmental surveys of this character. A few areas might well be chosen as pilot areas.

In particular, the food needs of Africa, which seem to have been neglected under the current food-for-peace program, demand immediate attention. In India, where a massive food-for-peace program has already been set on foot, a survey of nutritional needs might be useful for forward planning.

Such missions should have their commission and instructions from the President. They might well be selected and organized by the Food for Peace Director, and include prominent American citizens not in government, as well as appropriate governmental officials.

Mr. TOWNSEND. As you may know, some of the recommendations have come to pass, and are a compliment to this committee for the things that took place back in 1961. I think that you would find it of interest, particularly pages 23 to 29 which were submitted to the then President-elect, Mr. Kennedy, on January 19, 1961.

Mr. POAGE. Without objection it will be inserted into the record.

Mr. TOWNSEND. That is all I propose to suggest in connection with the eight-page statement. I recommend that the committee members would find it interesting reading and if you take the time to read it I am sure that you will find Mr. Lincoln has put a good deal of thought and energy into this program.

Mr. POAGE. We are aware that he has had a big part in this.

Mr. TOWNSEND. Very well.

Mr. POAGE. We do appreciate your appearance.

Mr. TOWNSEND. Thank you, sir.

Mr. POAGE. With that the subcommittee stands adjourned.
Thank you.

(Whereupon, at 12:50 p.m., the subcommittee was adjourned.)

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**EXTENSION OF PUBLIC LAW 480
83D CONGRESS**

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HEARING
BEFORE THE
COMMITTEE ON
AGRICULTURE AND FORESTRY
UNITED STATES SENATE
EIGHTY-EIGHTH CONGRESS
SECOND SESSION

ON

S. 1498, S. 2687, and S. 2925

**BILLS TO EXTEND THE AGRICULTURAL TRADE DEVELOP-
MENT AND ASSISTANCE ACT OF 1954, AND FOR OTHER
PURPOSES**

AUGUST 12, 1964

Printed for the use of the Committee on Agriculture and Forestry



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EXTENSION OF PUBLIC LAW 480, 83D CONGRESS

WEDNESDAY, AUGUST 12, 1964

U.S. SENATE,
COMMITTEE ON AGRICULTURE AND FORESTRY,
Washington, D.C.

The committee met, pursuant to notice, at 9:30 a.m., in room 324, Old Senate Office Building, Senator Allen J. Ellender (chairman) presiding.

Present: Senators Ellender, Johnston, Talmadge, Jordan of North Carolina, McCarthy, Mrs. Neuberger, McGovern, Walters, Aiken, Young of North Dakota, Cooper, and Mechem.

The CHAIRMAN. The committee will come to order.

We have before us this morning several bills which will be made a part of the record at this time, along with reports on them, dealing with the subject of an extension of Public Law 480. Included among these reports is a statement of the Comptroller General, and I notice that Mr. Ralph Ramsay, Associate General Counsel for the General Accounting Office, and a number of his associates are present in the event we may need further information from them.

We will also include a copy of H.R. 12298, which I understand the House committee is to report with a few amendments.

(S. 1498, S. 2687, S. 2925, and H.R. 12298, together with reports and staff analysis, are as follows:)

[S. 1498, 88th Cong., 1st sess.]

A BILL To amend section 304 of the Agricultural Trade Development and Assistance Act of 1954

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That clause (1) of section 304(a) of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1693), is amended to read as follows: "(1) to assist, through provisions for alternative marketing and purchasing opportunities agreed upon in co-operation with friendly nations and through other means, such friendly nations to be independent of trade with the Union of Soviet Socialist Republics and with nations or areas dominated or controlled by the Union of Soviet Socialist Republics or the Communist regime in China, and".

[S. 2687, 88th Cong., 2d sess.]

A BILL To extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Agricultural Trade Development and Assistance Act of 1954, as amended, is further amended as follows:

(1) Section 101 of such Act is amended by adding at the end thereof the following new subsection:

"(g) require such foreign currencies to be convertible to dollars to the extent consistent with effectuation of the purposes of this Act."

(2) Section 102 of such Act is amended by adding at the end thereof the following: "The Commodity Credit Corporation shall finance ocean freight charges under this section only to the extent that such charges are higher (than would otherwise be the case) by reason of a requirement that the commodities be transported in United States-flag vessels."

(3) Effective January 1, 1965, section 103(b) of such Act is amended to read as follows:

"(b) Agreements shall not be entered into under this title during the period beginning January 1, 1965, and ending December 31, 1969, which will call for appropriations to reimburse the Commodity Credit Corporation in a total amount in excess of \$7,100,000,000 plus any amount by which agreements entered into in prior years have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such prior years by this Act as in effect during such years: *Provided*, That agreements shall not be entered into during any calendar year of such period which will call for appropriations to reimburse the Commodity Credit Corporation in amounts in excess of \$2,500,000,000. In addition to the agreements which may be entered into within the foregoing limitations, agreements may also be entered into in an amount equal to amounts received in United States dollars as loan repayments under this title and deposited to the account of the Commodity Credit Corporation or as reimbursements from other agencies pursuant to section 105 of this Act or section 407 of the Act of September 1, 1954, as amended (5 U.S.C. 1711z-1)."

(4) Section 104 of such Act is amended by striking out in subsection (c) the word "military" and inserting after the words "common defense" the words "including internal security".

(5) Section 104 of such Act is amended by striking from subsection (e) the words "not more than 25 per centum of the currencies received pursuant to each such agreement shall be available" and substituting "currencies shall also be available".

(6) Section 104 of such Act is amended by adding the following new subsections:

"(t) For the sale for dollars to nonprofit voluntary agencies for payment of expenses in foreign countries in connection with the distribution of surplus agricultural commodities and products thereof pursuant to titles II and III of this Act and section 9 of the Act of September 6, 1958 (72 Stat. 1790): *Provided*, That nothing contained herein shall prohibit the payment of such expenses pursuant to other authority contained in this or any other Act.

"(u) For the sale for dollars to privately owned United States-flag commercial vessels for use in paying port fees, unloading, lightering, and other necessary expenses in foreign ports in connection with the carrying of cargo under this Act and section 9 of the Act of September 6, 1958 (72 Stat. 1790)."

(7) Section 104 of such Act is amended by adding at the end thereof the following: "Any loan made under the authority of this section shall bear interest at such rate as the President may determine but not less than the cost of funds to the United States Treasury, taking into consideration the current average market yields on outstanding marketable obligations of the United States having maturity comparable to the maturity of such loans."

(8) Section 108 of such Act is amended by striking out the words "six months" and inserting in lieu thereof the word "year"; and by adding at the end of such section the following: "In the case of any country which has more than one exchange rate, or for which the exchange rate in effect at the time of the sale did not reflect the real value of the foreign currency, such report shall specify the various effective exchange rates, the exchange rate applied to the sale, an estimate of the real value of the currency, and such other information as may be appropriate to explain the transaction".

(9) Section 203 of such Act is amended (i) by striking out "1961" and substituting "1965"; (ii) by striking out "1964" and substituting "1969"; (iii) by striking out "\$300,000,000"; and substituting "\$450,000,000"; and (iv) by inserting after "charges for general average contributions arising out of the ocean transport of commodities transferred pursuant hereto" the following: "or donated under said section 416, section 308 of this Act or section 9 of the Act of September 6, 1958 (72 Stat. 1790)". Clauses (i), (ii), and (iii) hereof shall not become effective until January 1, 1965.

(10) Sections 109 and 204 of such Act are amended by striking out "1964" and inserting "1969".

(11) Title III of such Act is amended by adding at the end thereof the following new section:

"SEC. 309. The President shall take such measures as may be necessary to assure that funds and commodities available under title I and IV and section 202 of this Act are used only to carry out purposes which otherwise would be carried out with appropriated funds. The President shall include in the annual budget required by the Budget and Accounting Act, 1921, for the fiscal year ending June 30, 1966, and for each fiscal year thereafter a statement showing for each subsection of section 104 the following: (a) The estimated amount of foreign currencies available under title I for the purposes of such subsection, and the amount proposed to be used therefor during such fiscal year; (b) the estimated amount of all other commodities and funds available under each other provision of this and other Acts for generally similar purposes, and the amount thereof proposed to be used for such generally similar purposes during such fiscal year; (c) the amount of appropriations provided for in the budget for generally similar purposes, designating each appropriation item; (d) the reasons for not using commodities and funds described in (a) and (b) in lieu of the appropriations described in (c); and (e) the total amounts of currencies, commodities and funds devoted to such purposes and generally similar purposes during the period beginning July 10, 1954, and ending up with the last date prior to the submission of the budget for which such information is available. For the purposes of the foregoing sentence currencies, commodities, and funds shall be considered available for any purpose if they could lawfully and properly be used for such purpose, even though they may have been administratively allocated to some other purpose. Such statement shall also contain an estimate of the value of commodities to be covered by sales agreements or grants negotiated or made under title I and IV and section 202 of this Act, respectively, during such fiscal year; the amounts of the sales proceeds therefor (including the value of any economic or community development carried out through grants under section 202); the purposes for which such proceeds will be used; the extent to which such use will preclude the necessity for the appropriation of other funds; and, if any foreign currencies which will accrue under any such agreement cannot be used within the foreseeable future, the reasons for entering into such agreement. No agreement shall be entered into which would result in exceeding any estimate provided for in the preceding sentence, or such other limitation as may be fixed by appropriation Act."

(12) The first sentence of section 403 of such Act is amended by striking out the words "more than" and inserting the words "less than".

[S. 2925, 88th Cong., 2d sess.]

A BILL To amend title II of Public Law 480, Eighty-third Congress, to authorize the use of foreign currencies by the President to carry out more effectively programs undertaken under titles II and III

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 203 of the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480, Eighty-third Congress), as amended, is amended as follows:

(1) After the third sentence insert the following new sentence: "In addition to other funds available for such purposes under any other Act, funds made available under this title may be used to purchase foreign currencies accruing under title I in order to meet costs (except the personnel and administrative costs of cooperating sponsors, distributing agencies, and recipient agencies) designed to assure that commodities made available under this title or under title III are used to carry out more effectively the purposes for which such commodities are made available or to promote community and other self-help activities designed to alleviate the causes of the need for such assistance: *Provided, however,* That such funds shall be used only to supplement, and not substitute for, funds normally available for such purposes from other non-United States Government sources."

(2) In the last sentence after "costs" insert "or for the purchase of foreign currencies".

[H.R. 12298, 88th Cong., 2d sess.]

A BILL To extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Agricultural Trade Development and Assistance Act of 1954, as amended, is further amended as follows:

(1) Effective January 1, 1965, section 103(b) of such Act is amended by striking out "1962" and substituting in lieu thereof "1965", by striking out "1964" and substituting in lieu thereof "1967", by striking out "\$4,500,000,000" and substituting in lieu thereof "\$4,000,000,000", and by inserting prior to the colon the following: "plus any amount by which agreements entered into in prior years have called or will call for appropriations to reimburse the Commodity Credit Corporation is amounts less than authorized for such prior years by this Act as in effect during such years".

(2) Section 104 of such Act is amended by striking out in subsection (c) the word "military" and inserting after the words "common defense" the words "including internal security".

(3) Section 104 of such Act is amended by striking from subsection (e) the words "not more than 25 per centum of the currencies received pursuant to each such agreement shall be available" and substituting "currencies shall also be available to the maximum usable extent".

(4) Section 104 of such Act is amended by adding the following new subsections:

"(u) To use foreign currencies which are in excess of the normal requirements of the United States as determined by the Secretary of the Treasury, to promote the development of the resources of less developed friendly foreign countries, their technical knowledge and skills in fields such as food production and distribution, education, health and medicine, and engineering, in a manner which will secure to the United States the maximum benefit from currencies accruing under this title: *Provided, however,* That no such use shall be made of such currencies which would have the effect of reducing the dollar reimbursement to the Commodity Credit Corporation for foreign currencies. There is hereby established an advisory committee composed of the Secretary of Agriculture, the Director of the Bureau of the Budget, the Administrator of the Agency for International Development, the chairman and the ranking minority member of the House Committee on Agriculture, and the chairman and the ranking minority member of the Senate Committee on Agriculture and Forestry. The functions of such Committee shall be to review from time to time the status of foreign currencies which accrue under this title and to make recommendations to the President with regard to (1) the use of excess currencies under the authority conferred upon him by this subsection and (2) grants under subsection (e) hereof.

"(v) For the use of the House Committee on Agriculture and the Senate Committee on Agriculture and Forestry to make investigations and studies deemed necessary by the chairman of the respective committees to carry out their statutory responsibility for legislative oversight of operations under the provisions of this Act."

(5) The first proviso at the end of section 104 of such Act is amended by striking out "to not less than 10 per centum of the foreign currencies which accrue under this title:" and substituting ", effective with respect to agreements entered into beginning January 1, 1965, to not less than 20 percentum in the aggregate of the foreign currencies which accrue under such agreements:".

(6) Section 108 of such Act is amended by striking out the words "six months" and inserting in lieu thereof the word "year".

(7) Sections 109 and 204 of such Act are amended by striking out "1964" and substituting in lieu thereof "1967".

(8) Section 203 of such Act is amended by striking out "1961" and substituting "1965"; by striking out "1964" and substituting "1967"; by striking out "\$300,000,000", and substituting "\$450,000,000"; and by inserting after "charges for general average contributions arising out of the ocean transport of commodities transferred pursuant hereto" the following: "or donated under said section 416, section 308 of this Act or section 9 of the Act of September 6, 1958."

(10) Section 203 of the Act is amended by inserting after the third sentence of said section the following new sentence: "In addition to other funds available for such purposes under any other Act, funds made available under this title

may be used to purchase foreign currencies accruing under title I in order to meet costs (except the personnel and administrative costs of cooperating sponsors, distributing agencies, and recipient agencies) designed to assure that commodities made available under this title or under title III are used to carry out more effectively the purposes for which such commodities are made available or to promote community and other self-help activities designed to alleviate the causes of the need for such assistance: *Provided, however*, That such funds shall be used only to supplement and not substitute for, funds normally available for such purposes from other non-United States Government sources," and by inserting after the word "costs" in the last sentence the words "or for the purchase of foreign currencies".

(11) Section 101 of such Act is amended by striking out in subsection (f) the words "from the government or agencies thereof" and further by striking the period at the end of subsection (f) and adding the following: ", and which are not less favorable than the highest of exchange rates obtainable by any other nation."

SEC. 2. Subsection (b) of section 612 of the Foreign Assistance Act of 1961, as amended, is amended (1) by redesignating it as subsection (t) of section 104 of the Agricultural Trade Development and Assistance Act of 1954, as amended.

(2) By striking "this Act" and substituting "the Foreign Assistance Act of 1961, as amended."

(3) By changing the period at the end of the subsection to a comma and adding "except that in the case of any such foreign currencies acquired through operations under title I of the Agricultural Trade Development and Assistance Act of 1954, as amended, the United States dollars received from the sale of such foreign currencies shall be deposited to the account of the Commodity Credit Corporation and shall be treated as a reimbursement to Commodity Credit Corporation under section 105 of this Act."

SEC. 3. Section 416 of the Agricultural Act of 1949, as amended, is amended by adding the following at the end of such section: "The assistance to needy persons provided in (4) above shall, insofar as practicable, be directed toward community and other self-help activities designed to alleviate the causes of the need for such assistance."

DEPARTMENT OF AGRICULTURE,
Washington, D.C., October 10, 1963.

HON. ALLEN J. ELLENDER,
Chairman, Committee on Agriculture and Forestry,
U.S. Senate.

DEAR MR. CHAIRMAN: This is in response to your request for a report on S. 1498, a bill to amend section 304 of the Agricultural Trade Development and Assistance Act of 1954, commonly known as Public Law 480 (83d Cong.).

S. 1498 would amend section 304 to (1) provide for the use of title I of the act for "alternative marketing and purchasing opportunities" to assist friendly nations to be independent of trade with the Soviet bloc and (2) add areas and nations dominated or controlled by the Communist regime in China to the countries from which the United States would seek to assist friendly countries to be independent in their trade.

The Department does not recommend enactment of the provision for alternative marketing and purchasing opportunities but has no objection to the provision adding areas dominated or controlled by the Communist regime in China.

Considerable use is made of the title I, Public Law 480 authority to assist friendly nations to be independent of trade with the Soviet bloc. Sales of U.S. surplus agricultural commodities for foreign currencies are made to these countries, thereby making it unnecessary that they obtain these commodities from the Soviet bloc. The proposed amendment of section 304 would neither broaden nor facilitate the use of title I.

If the proposed language regarding alternative marketing and purchasing opportunities contemplates the use of title I proceeds to purchase other commodities from friendly countries in order to make them independent of trade with Sino-Soviet bloc countries, we believe this would be neither practicable nor desirable. It is highly unlikely that arrangements could be made with participating countries to purchase or effectively use commodities in this manner. In the administration of title I, Public Law 480, we have not experienced the need to use foreign currency proceeds for the purpose of preemptive purchases. More-

over, we believe it would be undesirable that legislation be enacted which would suggest that the United States intends to use the title I authority for this purpose.

With respect to adding areas dominated or controlled by the Communist regime in China to those countries from which the United States would seek to assist friendly countries to be independent in their trade, we have been advised by the Department of State that it considers this change useful and desirable and entirely consistent with U.S. policy regarding the Communist Chinese regime. Therefore, the Department would have no objection to the enactment of this proposal.

The Bureau of the Budget advises that there is no objection to the presentation of this report from the standpoint of the administration's program.

Sincerely yours,

CHARLES S. MURPHY, *Acting Secretary.*

DEPARTMENT OF STATE,
Washington, October 11, 1963.

HON. ALLEN J. ELLENDER,
Chairman, Committee on Agriculture and Forestry,
U.S. Senate.

DEAR MR. CHAIRMAN: Your letter of May 10, 1963, requested a report on S. 1498, a bill to amend section 304 of the Agricultural Trade Development and Assistance Act of 1954.

Senate bill 1498 would add a specific reference in section 304 to the use of title I of the act to provide "alternative marketing and purchasing opportunities," as a means of assisting friendly nations to be independent of trade with the Soviet bloc. Secondly, the bill would add areas controlled by the Communist regime in China to those countries from which the United States would seek to make friendly countries independent with regard to trade.

The Department believes that the first of these additions would be both unnecessary and undesirable, but that the second would be desirable.

There is no need to add specific reference in section 304 to the provision of "alternative marketing and purchasing opportunities" for friendly nations. The administration is already authorized by section 304 to do this, and the new language would not add to its authority in this connection.

However, the language on "alternative marketing and purchasing opportunities" would have certain undesirable effects. It would indicate that Congress expects the administration not only to sell surplus agricultural commodities, but also to use some of the foreign currency proceeds deriving from such sales to purchase other commodities in order to render some countries independent of trade with Sino-Soviet bloc countries. Thus the new language would suggest, although this may not have been intended, that the U.S. Government is about to embark on a major campaign of preemptive buying of commodities throughout the world. The Department considers that it would be unfortunate to convey any such impression to the less developed countries. It is likely that many of them would soon urge the U.S. Government to buy from them large quantities of various commodities which they might otherwise sell or barter to Communist countries. This Government would be faced with the unpleasant alternatives of accommodating a number of these countries, which would involve expenditures far out of proportion to the potential gains involved in temporarily decreasing somewhat their trade with Communist countries, or of disappointing these governments by rejecting such offers. Furthermore, any preemptive purchasing by this Government might serve to stimulate uneconomic production in these countries and to arouse expectation that surplus commodities could always be disposed of in the United States.

The Department of State has not encountered a situation in recent years where it appeared desirable and practicable to influence the trade of a free world country with a Communist country by resorting to preemptive purchases with funds derived from the sale of surplus agricultural commodities. Under these circumstances it must oppose a provision which would suggest that the U.S. Government intends to make a regular practice of such a technique. If a highly unusual situation should arise in which it would be desirable to resort to preemptive buying, this could be done even without the additional language contained in Senate bill 1498.

The second change which would be effected by Senate bill 1498 would add areas controlled by the Communist regime in China to those from which the U.S. Government should seek to make friendly countries independent in their trade. The Department considers that this change would be a useful and desirable one entirely consistent with the U.S. policy regarding the Communist Chinese regime. It wishes to support that part of Senate bill 1498 which would serve this purpose.

The Bureau of the Budget advises that, from the standpoint of the administration's program, there is no objection to the presentation of this report for the consideration of the committee.

Sincerely yours,

FREDERICK G. DUTTON,
Assistant Secretary
(For the Secretary of State).

DEPARTMENT OF AGRICULTURE,
Washington, D.C., February 18, 1964.

HON. CARL HAYDEN,
President Pro Tempore
U.S. Senate.

DEAR SENATOR HAYDEN: One of the deep satisfactions that come to me as Secretary of Agriculture is the fact that I am able to play a part in carrying forward our Nation's highly successful agricultural export program under Public Law 480. I know that many of my friends in Congress feel exactly the same way.

Public Law 480 currently is making a greater contribution than at any time in its nearly 10 years of operation. Shipments of U.S. agricultural products under the program reached an alltime high record of more than \$1.6 billion, export market value, in calendar year 1963. Not only are such shipments putting food and fiber into the hands of needy foreign friends and accelerating their growth programs, but also they effectively serve our farm and business communities by building future foreign markets for our efficiently produced abundance. Hundreds of thousands of jobs on our farms and in our towns and cities depend wholly or substantially on the production, processing, transporting, and related activities brought about by Public Law 480.

The programs, operating in more than 100 nations, have begun to make a contribution to economic growth that is even more dramatic. More than half a million workers in 19 countries are paid directly in U.S. food under Public Law 480 food-for-work programs. Many thousands more are employed as a direct result of the use of local currencies for economic development projects.

Titles I and II of the Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law 480, 83d Cong.) are authorized through the remainder of this calendar year. I am enclosing a draft of a proposed bill to extend these authorities.

It is proposed that (1) the authority to enter into agreements under title I be extended 5 calendar years through December 31, 1969, and increased by \$7.1 billion for the 5-year period with a limitation of \$2.5 billion in any calendar year with provision for the carryover of uncommitted authorizations from prior years, (2) the use of foreign currencies be authorized for procurement of equipment, materials, facilities, and services for internal security programs, in addition to the military categories presently authorized for the common defense, (3) the existing 25-percent limitation on loans to private business firms be eliminated, (4) authorization be included for the sale of title I currencies for dollars to voluntary agencies and to U.S.-flag vessels for payment of certain expenses incurred under the act, (5) the requirement of reports on activities under the act be changed from every 6 months to each year, and (6) the title II authority be increased to \$450 million for each of the calendar years 1965 through 1969 and authority to make general average contributions be extended to title III and related shipments.

Title I of Public Law 480 authorizes the President to enter into agreements with friendly nations or organizations of friendly nations to provide for the sale of surplus agricultural commodities for foreign currencies. Congressional authorizations for the 5-year period January 1, 1960, through December 31, 1964, total \$9.5 billion, with a maximum of \$2.5 billion during each of the calendar years 1961 through 1964. Programing for the past 5 years resulted in costs to the Commodity Credit Corporation of approximately \$9 billion. However, it is an-

ticipated that dollar reimbursements to the Commodity Credit Corporation from other agencies of the U.S. Government as a result of loan repayments and sales of title I currencies will provide approximately \$1 billion so that authorization of further appropriations of \$7.1 billion plus carryover of uncommitted authorizations will be sufficient. Public Law 87-128 which extended title I authority through December 31, 1964, did not include the provision for the carryover of uncommitted authorizations from prior years which had been included in previous extensions of title I. The enclosed draft of a proposed bill requests that this provision be restored to eliminate administrative and accounting problems which have resulted.

The request for a 5-year extension of the title I program is presented to permit continuation of orderly programing and shipment of agricultural surplus to food and fiber deficit areas of the world, principally less developed nations. Enactment of the proposal will facilitate efforts to make maximum utilization of our agricultural abundance under the food-for-peace program and to continue to negotiate agreements on a long-term basis where there are opportunities to program commodities and it is in the interest of American agriculture to do so.

The foreign currency uses now include authorization for procurement of military equipment, materials, facilities, and services for the common defense. In order to make clear that this authority can be used for activities in support of counterinsurgency programs, such as the Vietnam strategic hamlet program, and other activities vital to counteract Communist-inspired subversion and insurgency, we are requesting that the authority be changed to delete reference to "military" goods and services and to make explicit that the authority may be used to procure any goods and services necessary for the "common defense" including within that concept "internal security programs."

Public Law 480 now provides a limit of 25 percent on the amount of foreign currency that can be set aside in each agreement for loans to private business firms. There may be occasions when it would be beneficial to the developing countries and to the United States to provide for a larger share of title I currency for this purpose.

Amendment of section 104 is requested to provide for the scale of title I foreign currencies to U.S. voluntary agencies for use in paying expenses abroad in connection with the distribution of donated commodities and to U.S.-flag vessels for use in paying port fees, unloading, lightering, and other charges at destination in connection with the carrying of Public Law 480 cargo. It is now necessary for these users to purchase foreign currencies abroad to pay these expenses and the sale of title I currencies for this purpose would represent a dollar saving to the United States in countries where it is not necessary to purchase currencies to meet other U.S. obligations. This amendment would facilitate the negotiation of agreements providing for the use of funds for these purposes.

The act provides that a report on activities be made every 6 months. The 19th semiannual report now in preparation, as well as the several immediately preceding reports, reveal that these summaries of statistics and factual information will serve the purpose at considerably lower cost if they are submitted annually. Additional timely information is made available to the committees, Congress, and the public as it becomes available and is most useful.

In order to permit continuation of useful activities which have been possible under title II of Public Law 480 (relating to famine relief and other assistance), it is proposed that this authority be extended for 5 calendar years through December 31, 1969. It is also proposed that the authorization be increased to \$450 million per calendar year. This amount along with uncommitted authorizations from prior years will provide for an expansion in the economic and community development programs authorized under section 202. The current authorization for title II programs is \$300 million per calendar year. However, by utilizing uncommitted authorizations from prior years, programing for fiscal year 1963 was at a rate of \$354 million. Section 203 of Public Law 480 also authorizes the use of title II funds to pay certain transportation costs on commodities donated under section 416 of the Agricultural Act of 1949, as amended, and authorizes the payment of charges for general average contributions from title II funds. It is proposed that language be inserted to extend the authority for the payment of charges for general average contributions to commodities donated under section 416 and related statutes when title II funds are used to pay ocean freight charges.

With the possible exception of the increasing operations under title II, enactment of the proposed legislation would result in no increase in employment or administrative costs in the fiscal year 1965. The program cost of \$1.5 billion estimated for the fiscal year 1965 takes into account the proposed amendments.

The Bureau of the Budget advises that enactment of the proposed legislation would be in accord with the program of the President.

A similar letter is being sent to the Speaker of the House of Representatives.

Sincerely yours,

ORVILLE L. FREEMAN,
Secretary.

EXPLANATION

This amendment would:

(1) *a.* Extend title I for 5 years beginning January 1, 1965, and ending December 31, 1969.

b. Authorize agreements of \$7.1 billion over the 5-year period, with not more than \$2.5 billion in any one calendar year. In addition, the amendment would (1) provide for additional authorization of agreements by the amounts of reimbursements to the Commodity Credit Corporation from other agencies of the U.S. Government for foreign currencies and repayment of economic development loans in dollars, currently estimated at approximately \$1 billion, and (2) provide for carryover of unused authorization from prior years, including the approximately \$407 million of unused balance not previously provided for as of December 31, 1961, plus any amount remaining uncommitted from the current authorization on December 31, 1964, projected at approximately \$500 million. (A similar provision has been included in every extension of title I authority except that of Public Law 87-128, enacted August 8, 1961. Reenactment of this provision will eliminate administrative and accounting problems resulting from modifications and amendments of agreements which take place after the expiration of the authorization under which the agreements were signed.)

(2) Authorize use of foreign currencies for procurement of any equipment, materials, facilities, and services necessary for the common defense including internal security.

(3) Eliminate the 25-percent limitation on Cooley amendment loans of foreign currencies to private business firms.

(4) *a.* Facilitate the negotiation of foreign currency amounts for sale to U.S. voluntary agencies as permitted by a new section 612(b) in the Foreign Assistance Act.

b. Facilitate arrangements to furnish foreign currencies for payment of foreign charges instead of furnishing dollars with which ship operators buy foreign currencies to pay these charges.

(5) Change from 6 months to each year the requirement of reports by the President to the Congress on activities under the act.

(6) *a.* Extend title II for 5 years through December 31, 1969, and provide for an increase in the annual title II authorization to \$450 million compared with the present \$300 million. Utilizing unused authorizations from prior years, title II commitments during fiscal year 1963 amounted to \$354 million.

b. Extend to title III and related shipments the general average contribution authority now provided for title II shipments. Under general average arrangements, risks and losses to a vessel and its cargo are distributed in proportion to the value of the vessel, the cargo, and the freight to be earned.

SENATE COMMITTEE ON AGRICULTURE AND FORESTRY STAFF SUMMARY OF S. 2687

This bill would amend Public Law 480, 83d Cong., to—

(1) Require title I foreign currencies to be convertible to dollars to the extent consistent with the purposes of the act.

(2) Prohibit Commodity Credit Corporation from financing ocean freight charges on title I shipments, except to the extent of the differential required as a result of cargo preference where the U.S.-flag vessel rate exceeds foreign vessel rates.

(3) Limit title I agreements during 1965 through 1969 to \$7.1 billion, plus unused authorizations from prior years (estimated at \$907 million) and limit agreements during anyone of such 5 years to \$2.5 billion; but each of these limits may be exceeded to the extent of the amount of U.S. dollars received by CCC: (i) in repayment of title I loans; and (ii) as reimbursements from other

agencies under section 105 of Public Law 480 or section 407 of the act of September 1, 1954 (dealing with military housing).

(4) Define "common defense" in section 104(c) as including internal security, so that title I currencies may be used to procure materials, facilities, and services for internal security.

(5) Eliminate the provision of section 104(e) limiting loans to private business firms under the so-called Cooley amendment to 25 percent of the foreign currencies received pursuant to each agreement.

(6) (a) Facilitate the negotiation of foreign currency amounts for sale for dollars to U.S. voluntarily agencies as permitted by a new 612(b) in the Foreign Assistance Act.

(b) Facilitate arrangements to furnish foreign currencies for sale for dollars to private owned U.S.-flag vessels to cover port fees, unloading, lightering and other necessary expenses in foreign ports in connection with cargo under Public Law 480 and section 9 of the act of September 6, 1958 (relating to foreign donation of fats and oils and donations to areas under U.S. jurisdiction or administration).

(7) Require title I loans to bear interest at not less than the cost of funds to the United States.

(8) (a) Provide for annual, instead of semiannual, reports by the President.

(b) Require such reports to contain a full explanation of any transactions involving exchange rates which do not reflect full value.

(9) (a) Limit title II assistance during each of the 5 years 1965 through 1969 to \$450 million (compared with \$300 million at present), plus, as at present, the unused authorization for the preceding year.

(b) Extend to title III and related shipments the authority (now provided for title II shipments) to pay general average contributions from title II funds. Under general average arrangements, risks and losses to a vessel and its cargo are distributed in proportion to the value of the vessel, the cargo, and the freight to be earned.

(10) Extend titles I and II 5 years through 1969.

(11) restrict use of title I foreign currencies, section 202 commodity grants, and title IV credit sales promoting economic development to purposes for which funds would otherwise be appropriated; require the budget to show in one place all funds available, requested, or to be generated for each purpose set out in section 104 of Public Law 480; and require advance justification of any agreement which would generate foreign currencies for which there is no foreseeable need.

(12) make the cost of funds to the United States the minimum, rather than the maximum, interest rate on title IV credit sales.

The provisions described in clauses (3), (4), (5), (6), (8) (a), (9), and (10) constitute the provisions requested by the Secretary of Agriculture in his letter of February 18 to the President Pro Tempore of the Senate. The clause numbers correspond to the clause numbers in the bill.

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, D.C., June 16, 1964.

Hon. ALLEN J. ELLENDER,
Chairman, Committee on Agriculture and Forestry,
U.S. Senate.

DEAR MR. CHAIRMAN: Your letter of May 18, 1964, requests our comments on S. 2687, which would extend the Agricultural Trade Development and Assistance Act of 1954, as amended, 22 U.S.C. 1922 (hereinafter referred to as Public Law 480), and make certain amendments thereto.

The extension of P.L. 480 involves matters of policy which are primarily for determination by the Congress and one on which we have no recommendations to make. We do have some comments, however, as a result of our reviews of P.L. 480 and foreign assistance programs which we believe warrant serious consideration by the Congress.

Section 3 of S. 2687 would amend section 103(b) of P.L. 480 to provide that agreements for the sale of surplus agricultural commodities under Title I shall not be entered into which call for appropriations to reimburse Commodity Credit Corporation (CCC) in an amount in excess of \$7.1 billion in the 5-year period starting January 1, 1965, in addition to unused authorizations from prior

years. Agreements during anyone of such 5 years may not be entered into which would call for appropriations to reimburse CCC in an amount in excess of \$2.5 billion. However, these limits can be exceeded by the amount of loan repayments received in dollars under title I or certain dollar amounts received as reimbursements from other agencies for the purchase of foreign currencies.

Data submitted by the executive branch indicates that the foregoing authorization is designed to permit commodities in the amount of \$9 billion, including associated costs, to be sold under title I in the 5-year period. As far as we have been able to determine, the data submitted to the Congress justified this amount solely on estimates that annual sales will be reached during 1965-69 in the same volume as the annual level of title I sales for the past 5 years. Once this total amount is authorized the proposed title I sales, programs of the executive agencies are not subjected to annual appropriation reviews by the Congress. Annual appropriations are made by the Congress, however, based on estimates of amounts necessary to reimburse the Commodity Credit Corporation for the commodities to be shipped abroad under the title I program during the budget year and for prior year costs not previously reimbursed.

Under this arrangement the executive branch has almost unlimited discretion within the \$9 billion ceiling, to determine such matters as the countries with whom sales agreements will be made, the amounts of surplus agricultural commodities that will be sold in each country and the type of commodities to be included in the sales. In addition, the executive branch has wide latitude in determining the conditions of sale in such matters, such as: whether sales of surplus commodities will be for local currency, U.S. dollars, or long-term credits; the amounts of sales proceeds to be made available for loans or grants to the recipient country; and the amounts of sales proceeds which will be made available for U.S. uses.

It is evident that P.L. 480 title I sales of surplus agricultural commodities are not strictly commercial transactions since the sales proceeds which accrue to the United States are in the local currencies of the recipient country, most of which are given back to the country in the form of loans or grants. Such sales are but one part of the total program of economic assistance provided to achieve U.S. foreign policy objectives. However, no equivalent degree of congressional review exists over the programs and conditions under which surplus agricultural commodities are provided to foreign countries similar to that which exists over other elements of the foreign assistance program. Since such commodities are an integral part of the foreign assistance program and provide resources for economic development and other purposes which differ only in composition from the other kinds of resources provided to these countries under foreign assistance legislation, the Congress may wish to consider the desirability of requiring the executive agencies to submit annual justifications, as part of the appropriation process, for the sales programs which are proposed under title I, taking into account such matters as the ability of the recipient countries to procure the commodities with dollars or on long-term credit, the extent of foreign currencies currently being held by the United States in these countries, the extent to which additional title I sales would increase such holdings and the purposes for which the local currencies would be used. This could be accomplished by substituting the language "not to exceed \$2,500,000,000 provided annually in appropriation acts," for the phrase "in excess of \$2,500,000,000" in line 19, page 2, of S. 2687. In this manner, the Congress would be in a position to (1) evaluate the economic assistance being furnished in the form of surplus agricultural commodities in the light of other types of assistance being provided, (2) consider the impact of the P.L. 480 program on the overall program of the United States to achieve its economic and political objectives in each of the recipient countries, and (3) assure optimum movement abroad of surplus agricultural commodities.

The foregoing would appear to be especially pertinent in light of the following considerations:

1. Very large amounts of local currencies have accrued in many countries from title I sales which are excess to any foreseeable needs of the United States and which may present considerable difficulties to the countries concerned. Continued accumulation of such excesses under the broad authority proposed to be given to the executive agencies to provide additional commodities to foreign countries and incur additional associated costs totaling \$9 billion may compound these difficulties. The following table shows the trend of U.S. holdings of local

currencies in countries which have been determined to be excess currency countries.

Country and currency	Equivalent value in millions of dollars, at the then current rate of exchange		
	June 1961	June 1962	June 1963
India (rupees).....	\$977	\$1,022	\$1,010
Poland (zlotys).....	349	393	442
Yugoslavia (dinars).....	104	178	279
United Arab Republic (pounds).....	129	156	211
Pakistan (rupees).....	209	165	190
Israel (pounds).....	72	47	68
Burma (kyats).....	37	33	32
Indonesia (rupiah).....	78	96	121

¹ Change in exchange rate during fiscal year 1963 caused \$130,000,000 decrease.

2. P.L. 480 exports of farm products during fiscal year 1963 account for 30 percent of the total agricultural exports of the United States. They represent 76 percent of all wheat exported, 21 percent of total edible vegetable oil exports, 58 percent of total milled rice exports and 34 percent of all cotton exports. This large volume of agricultural commodity movements under P.L. 480 presents a danger of displacing normal commercial dollar sales and a consequent adverse effect on the U.S. balance-of-payments position.

3. The executive agencies have pointed out that the P.L. 480 programs have operated to develop commercial markets in countries which heretofore have not deemed it desirable to procure U.S. farm products. Increasing dollar purchases of wheat by Japan and of soybean oil by Spain have been cited as outstanding examples. However, the continued programming of title I sales to such countries as India, Pakistan, and the United Arab Republic is not likely to develop commercial dollar markets. While the executive agencies are aware of this problem and have developed elaborate mechanisms for considering these matters at the time sales agreements are negotiated, the Congress may feel it desirable to undertake annual reviews of the agencies' plans and programs in this respect.

4. Title I foreign currency sales agreements, since the start of the program, have involved about \$14 billion. Title IV sales agreements which involve dollar payments by foreign governments have amounted to about \$236 million. The proposed authorization of \$9 billion is premised on annual sales agreements at about the same level as in the preceding 5-year period. The Congress may want to consider the desirability of annual reviews of the agricultural sales programs to assure the proposed level of local currency sales does not overlook the possibility of maximizing dollar commercial sales and that such level is in consonance with the objective of moving the P.L. 480 program toward increasing use of title IV dollar sales.

5. In recent years congressional attention has been focused on the desirability of reviewing U.S. economic assistance to foreign countries in light of the countries' own efforts to develop their economies. Foreign assistance legislation has, in the past required the development of plans by U.S. agencies for the phase-down of U.S. assistance as the foreign economies improve and U.S. economic assistance attains its objective of helping the recipient countries to become self-sufficient. Proposed surplus agricultural commodity assistance, since it is an integral part of economic assistance being furnished foreign countries, could well be considered by the Congress as coming within the same objective and subject to the same annual scrutiny. In this respect, we have noted in some of the reviews we now have underway that certain AID missions are treating commodities available under P.L. 480 as but one type of economic resource being furnished to the country to assist it in its economic development and undertake negotiations with the country for additional quantities of P.L. 480 commodities in light of the programs which the country itself has undertaken to achieve self-sufficiency. Under these circumstances, P.L. 480 sales agreements are used as a lever to increase the pace of country agricultural development and to hasten the time when title I local currency sales can be eliminated. In other countries, we noted little effort on the part of AID in this direction and as a result the underdeveloped countries seem to feel that foreign import requirements will be met for the indefinite future through P.L. 480 transactions. The authorization of

an annual level of title I, P.L. 480 operations for the subsequent 5-year period at the same level as the preceding levels without an annual review by the Congress would appear to do little to alter the attitude of these countries and alleviate the pressure on the executive agencies to provide additional quantities of P.L. 480 commodities.

Section 11 of S. 2687, would add a new section 309 to P.L. 480, which appears to have the objective of establishing tighter annual congressional review and control over certain sections of P.L. 480 by requiring the submission of data in the annual budget to (1) show that maximum use is being made of surplus commodities and foreign currency proceeds to carry out programs that would otherwise require appropriated funds; (2) justify annual surplus commodity programs in terms of the need for and intended use of U.S.-owned foreign currency; and (3) justify agreements that would generate foreign currencies over and above these requirements. These objectives are generally in line with those we have delineated above. The proposed amendment contains a number of requirements for the submission of detailed information deemed necessary to carry out these objectives. In addition, section 309 would provide for annual submission of estimates of the value of commodities to be covered by sales agreements or grants negotiated or made under titles I and IV and section 202 of P.L. 480 during each fiscal year and limits the amount of agreements which can be entered into to such estimates.

A number of reviews we have performed bear out the need for improved controls to assure maximum utilization of foreign currency proceeds in lieu of U.S. dollars. For example, we reported to the Congress in October 1962 (B-146749), that dollar expenditures abroad could be reduced if better use were made of U.S.-owned local currencies. In addition, congressional hearings in November 1963 disclosed that substantial dollar expenditures had been made by the United States in India to finance the purchase of goods for other friendly countries when at the same time substantial amounts of Indian currency were available for U.S. use.

Although we agree with the objectives embodied in the proposed section 309, it appears that the prescribed methods of accumulating and reporting data, and imposing program limitations, might not effectively achieve these objectives. However, data is readily available within the executive departments which would permit the compilation of meaningful information on country programs in terms of the commodity needs of the countries, the level and type of commodity assistance being proposed and the availability and utilization of local currencies in each of the countries securing assistance under P.L. 480.

We believe, therefore, that objectives such as those sought in the proposed amendment could be achieved by requiring submission to the Congress in support of the annual budget of the following types of data for each country involved in surplus commodity programs:

1. For each fiscal year, the amounts of proposed sales agreements under P.L. 480 together with the justification for entering into these agreements. The justification should include sufficient information on economic conditions in the country, including country agricultural commodity requirements, local production, normal commercial procurements from the United States and other countries, foreign exchange holdings, and such other economic data as would permit an evaluation of the need for the level and type of assistance being proposed.

2. Historical data regarding sales agreements entered into and commodities furnished in prior years. This information would be useful in permitting the Congress to detect trends and ascertain progress being made toward achieving congressional intent to shift emphasis of programs from local currency sales to dollar sales and to phase down programs as country economic conditions improve.

3. The extent of foreign currencies generated from U.S. dollar programs and surplus commodity programs, in sufficient detail to show the program origin of the funds and the agreed purposes for which they may be used.

4. Projected amounts of generation and proposed usage of foreign currency, by source and application, during the budgeted fiscal year. Should proposed agreements result in accrual of foreign currencies which cannot be used within the foreseeable future, the reasons for entering into such agreements.

5. Actual dollar expenditures by U.S. agencies in such country during the preceding fiscal year, together with an analysis of reasons why available foreign currency was not used in lieu of dollars.

6. Proposed dollar expenditures of U.S. agencies in each country for the budgeted fiscal year, together with an analysis of reasons why available or projected generations of foreign currency is not proposed for use in lieu of dollars.

Submission of the above data would permit the Congress to subject P.L. 480 programs to the same type of analysis as is required for proposed economic and military assistance programs. If considered in conjunction with data now submitted for those programs, the Congress would be in a position to evaluate assistance in the form of surplus agricultural commodities in light of other types of assistance being provided, and to evaluate the impact of the P.L. 480 program on the overall U.S. program for achievement of economic and political objectives in each of the recipient countries.

We also believe that the Congress may wish to consider the adoption of language similar to that included in section 634 of the Foreign Assistance Act of 1961, as amended, which requires the administration to notify appropriate congressional committees of significant changes to programs as previously submitted and justified in lieu of the last sentence of section 309 which would restrict the administration to the detailed budget estimates. This provides the administration with the flexibility it believes necessary to carry out foreign policy while permitting the Congress to evaluate the need for any significant changes to original plans and programs.

S. 2687 would amend section 104(c) of P.L. 480 to authorize the use of foreign currencies to procure equipment, material, facilities, and services for the common defense including internal security. Section 104(c) presently contains authorization for such use to procure military equipment, materials, facilities and services for the common defense.

U.S.-owned local currencies have been provided for military budget support purposes in six countries under section 104(c) (Taiwan, Iran, Korea, Pakistan, Turkey, and Vietnam) and for military base construction and mapping services in a number of these and other countries. These programs have been justified as necessary to support large military forces which these countries cannot support from their own resources.

Our review of military budget support programs carried out with section 104(c) funds by the Department of Defense have disclosed significant deficiencies in programing and administration. Foreign currencies in some instances have been made available without regard to actual need, funds have been released for general purposes and have been merged with country funds instead of being identified with specific projects of priority need, and reviews by U.S. agencies of the actual usage of funds have been incomplete and ineffective.

The fiscal year 1965 budget presentation to the Congress shows that the Agency for International Development presently administers programs in about 30 countries relating to internal security, including counterinsurgency and paramilitary operations. U.S. dollar funds totaling about \$84 million are estimated for expenditure on these programs through June 30, 1964, and about \$20 million is proposed for fiscal year 1965.

The proposed amendment to section 104(c) would permit the use of foreign currency generated under P.L. 480 to meet local operating and maintenance costs of internal security forces that are now being almost completely financed by recipient countries. Only a few of the countries with AID-supported internal security programs have been supported to any extent with U.S.-owned foreign currencies and, with the exception of Vietnam and Indonesia, foreign currency amounts have been relatively small. In Vietnam, counterinsurgency programs have been jointly financed by the United States and Vietnam, and United States foreign currencies used have been generated by cash grants and a commodity import program. In Indonesia, U.S.-owned foreign currency has been made available for construction of facilities.

We perceive no objection to the use of P.L. 480 foreign currencies to support essential internal security programs, where the alternative would require generation of foreign currencies through cash grants or commodity import programs. It should be recognized, however, that the assumption by the United States of the responsibility for supporting internal security forces heretofore supported by the country governments may involve the development of a military force structure in excess of the forces established as an objective by the Joint Chiefs of Staff, would tend to diminish the incentives for the country government to mobilize effectively its own internal resources, and would decrease the amounts of local currencies available for economic development. We believe, therefore, that the use of P.L. 480 foreign currencies to support internal security programs requires

a thorough review to assure that (1) U.S.-owned foreign currencies are used only if the local costs of these programs is clearly beyond the capability of the recipient country to finance from its own resources, and (2) U.S. foreign currencies are a supplement to, rather than a substitute for, recipient country funds now being used to support these programs. In this respect, the Congress may wish to consider the following factors which indicate that the use of P.L. 480 foreign currencies could be a substantial and continuing cost to the United States:

(1) Internal security forces being assisted by AID amount to several hundred thousand personnel. For example, internal security forces number 123,000 in Indonesia, 120,000 in Brazil, and 46,000 in Burma. Even partial support of the local costs of these forces could be very costly.

(2) The use of foreign currency for section 104(c) purposes is not controlled through the provision of appropriations, since this section of P.L. 480 is exempted from the provisions of section 1415 of the act of July 15, 1952 (66 Stat. 663, 31 U.S.C. 724). There would be less incentive to limit the size of internal security programs since these programs would not require the same degree of justification and budgetary control as appropriated funds.

(3) Our reviews of the use of section 104(c) foreign currencies for common defense programs have shown that substantial amounts of currencies have been released to recipient countries without a firm determination as to need and without appropriate safeguards to assure proper and effective use.

In light of the foregoing, your committee may wish to consider limiting the authorization for use of foreign currencies for internal security programs to those situations where the President determines that counterinsurgency activities require the use of U.S.-owned foreign currencies. This could be done by including in the bill a provision similar to those in sections 505 and 512 of the Foreign Assistance Act of 1961 (as amended by sec. 202 of the Foreign Assistance Act of 1963 (77 Stat. 384)), limiting the furnishing of military assistance for internal security requirements unless the President determines otherwise and promptly reports such determination to the Congress.

Sincerely yours,

JOSEPH CAMPBELL,
Comptroller General of the United States.

The CHAIRMAN. Our first witness is the Secretary of Agriculture.

Mr. Freeman, we will be glad to hear from you now. Will you proceed?

STATEMENT OF HON. ORVILLE L. FREEMAN, SECRETARY OF AGRICULTURE

Secretary FREEMAN. Mr. Chairman and members of the committee, it is an honor and a pleasure to meet with you to support extension of titles I and II of the Agricultural Trade Development and Assistance Act of 1954—Public Law 480. These are essential parts of Public Law 480, under which for the past 10 years we have carried on a program of enormous importance to the United States and the rest of the free world.

The Congress has every reason to be proud of Public Law 480. This is landmark legislation. It is legislation enacted with bipartisan support, which not only has promoted economic well-being at home, but which also has demonstrated before all the world that we are meeting our moral obligation to use our food abundance to combat hunger.

I am confident that when the history of this period is finally written, the food-for-peace program, made possible by Public Law 480, will be acclaimed as one of our top achievements. I can think of no similar effort in history that has done so much for so many people—both to those who give and those who receive.

This Public Law 480 food-for-peace program expands outlets for American farm products at the same time that it helps in a major way to end famine and combat malnutrition and hunger.

It strengthens the economy of the United States—and promotes economic growth in the less developed countries, hastening the day when these countries, which make up the last vast underdeveloped market in the world, will become partners with us in commercial trade—the kind of trade that expands itself, regenerates itself, perpetuates itself.

It creates jobs for American workers—and pays the wages of workers on many foreign economic development projects.

It promotes American objectives of security and peace, while raising standards of living for people desperately eager to move up on the economic ladder.

It improves the U.S. balance-of-payments position at the same time that it promotes the education and health of millions of foreign school-children.

It helps our farmers use their technology and resources in this age of adjustment from scarcity to abundance—and gives the rest of the world a chance to compare the productivity of our free enterprise agriculture with the regimented farming of the Communist countries.

Let's look at the program in more detail.

The cumulative value of shipments under Public Law 480 is \$12.3 billion. That represents about 28 percent of our total agricultural exports in the past 10 years. In this decade we have moved some 130 million tons of food to more than 100 countries having a population of close to 2 billion.

Shipments of wheat under Public Law 480 this year are equivalent to 45 bushels out of every 100 bushels of wheat our farmers harvested in 1963.

Our rice shipments this year under Public Law 480 are equivalent to 30 bags out of every 100 harvested by U.S. growers last year.

Public Law 480 cotton exports have added over \$1.5 billion to the income of American cotton producers.

We have shipped large volumes of nonfat dry milk, vegetable oil, feed grains, and tobacco.

Sharing on such a vast scale has helped to ward off the worst effects of food shortages—famine. This morning in many areas of the world American food provides the only hope of men, women, and little children that for them there will be a tomorrow, that they will grow up to become useful members of society.

The economic growth that food for peace is engendering is helping the less-developed countries stand on their own feet. The United States is lending or granting back to the emerging countries a substantial part of the foreign currencies received under Public Law 480. These funds are being used for flood control, irrigation, reforestation; for improvement of railroads, highways, bridges, docks, communications; for construction of electric power facilities; for building hospitals, clinics, and schools. Our food not only is helping directly through making such improvements possible, but also is helping indirectly by putting the brakes on potential food price inflation which would increase costs and thus reduce the funds available for development projects.

I want to talk now about some of the benefits the United States is getting out of the Public Law 480 program. They are substantial benefits. They are accruing to us both at home and abroad.

U.S. agriculture benefits, of course. Our Public Law 480 shipments add directly to U.S. farm incomes. Public Law 480 shipments mean reduced carrying charges on Government-owned stocks.

Public Law 480 means jobs and pay for thousand of workers engaged in handling, processing, and transporting the food for peace commodities moving abroad.

Public Law 480 shipments mean extra earnings for the American business community—processing plants, railroads, steamship lines, and many other enterprises, large and small.

We are getting very tangible benefits in the international area.

The economic growth that Public Law 480 is stimulating overseas is creating expanded markets for cash sales of our farm products.

Japanese officials have told me that U.S. aid programs after the war brought their country back from the brink of starvation, put a brake on inflation, prevented a social revolution, and paved the way for reconstruction of Japanese industry. Japan is now our No. 1 purchaser of American farm products for dollars.

Spain, which once obtained large quantities of U.S. farm products under Public Law 480, had become in fiscal year 1963 a \$112 million cash market for our agricultural commodities. Israel, also a big recipient of our food for peace, stepped up cash buying of our farm products for less than \$7 million in 1958 to more than \$23 million in 1963. Taiwan's cash buying rose from less than \$1 million in 1959 to almost \$22 million in 1963.

Public Law 480 is helping to expand the sale of farm products in over 60 countries through a market development program carried on by the Department of Agriculture in cooperation with more than 40 U.S. producer and trade groups from all parts of the United States. The Government's share of these jointly financed activities comes largely from foreign currencies received from farm product sales under title I, Public Law 480. Very active promotion, through trade fairs and other promotional techniques, is carried on under this program to expand shipments of virtually all important U.S. agricultural export commodities.

We know that this sales effort is paying off. We exported a total of \$6.1 billion worth of agricultural commodities in the fiscal year that just ended. In the past 10 years, commercial exports have increased from a little over \$2 billion to a record of \$4.6 billion the past fiscal year. Over these same years, our exports under Public Law 480 programs have increased by about \$170 million. In other words, dollar sales have gone up \$12 for every \$1 increase under Public Law 480.

Foreign currencies generated under title I, Public Law 480, are having a net favorable impact on our balance-of-payments position. Foreign currencies, in addition to financing market development, also have many other uses which are helping us stem the outflow of gold and dollars. Since 1954, title I has provided more than \$936 million in foreign currencies for payment of U.S. embassy and other expenses abroad, and another \$567 million for the common defense of the United States and the recipient countries. Furthermore, repayments made by foreign governments on title I foreign currencies loaned to them will continue to provide additional funds for U.S. uses in future years.

Public Law 480 is helping us to promote our overall foreign policy.

We gain in the foreign policy field when we give uncommitted countries an opportunity to compare the relative efficiencies of free and regimented agriculture. We are showing the world that farmers under the free democratic system of the United States can outproduce the collectivized farmworkers of the Soviet Union by a ratio of 5 to 1.

We gain in the foreign policy field when we strengthen with our food the will and the capacity of free world peoples to remain free—to realize their legitimate aims and aspirations. To put it simply, what is good for the free world as a whole is good for the United States.

We are concerned in this bill with two titles.

Under title I, the largest component, U.S. agricultural commodities are sold to friendly countries with payment received in local currency of the recipient country. From the beginning of the program through June 30, 1964, we have entered into a total of 392 sales agreements with 49 countries for a total value of \$10 billion.

The CHAIRMAN. Mr. Secretary, when you say \$10 billion, is that our cost or the price that it was sold at?

Secretary FREEMAN. This is on a market value basis.

The CHAIRMAN. Now I would like to have for the record the actual cost to our Government, which would include the delivery charges and the amount that we received in return from the sales.

(The information is as follows:)

The total cost to Commodity Credit Corporation of commodities exported under title I through May 31, 1964, is \$11,743,485,000. The amount charged to the importing country for the commodity cost and ocean freight financed by CCC (excluding ocean freight differential of \$349 million) is \$8,115,936,000. The difference between this total and the amount collected as reported in the preceding table represents normal lag in documentation.

The CHAIRMAN. We would also like to have for the record the total currencies loaned under 104(g), to the foreign countries with the interest rates charged each country. And then the total currencies loaned under 104(e), the Cooley loan provision, with the interest rates charged in each country; the total currencies granted under 104(d), which is for the purchase of goods and services to friendly countries; and under 104(e) and also under 104(f). And we would like to have that separately for each country; that is, under each of these designations. And we would like to have that as nearly up to date as possible.

Secretary FREEMAN. All right, sir. We will prepare that material for you.

The CHAIRMAN. I presume that you have all of that available now.

Secretary FREEMAN. Yes, sir.

The CHAIRMAN. It is just a question of bringing it together in one place.

STATEMENT OF DAVID E. BELL, ADMINISTRATOR, AGENCY FOR INTERNATIONAL DEVELOPMENT, DEPARTMENT OF STATE

Mr. BELL. Right.

Secretary FREEMAN. Right.

(The information is as follows:)

Loans under Public Law 480, title I, sec. 104(g), July 1, 1954, to June 30, 1964

[Million dollar equivalents]

Area and country	Total carnarked in sales agreement 1	Total loan agreements signed 1	Loans repayable in local currency with maintenance of value	Interest rate (percent) 2	Loans repayable in local currency without maintenance of value	Interest rate (percent) 2	Loans repayable in dollars	Interest rate (percent) 2	Total loan disburse- ment
Europe:									
Austria.....	25.5	25.5	25.5	3, 4			14.0		25.5
Finland.....	19.4	19.0	5.0	4, 5				3	19.0
Iceland.....	12.2	11.6	5.4	3 1/4, 3, 5		4			8.3
Italy.....	92.8	92.6			6.2			3, 4	92.6
Portugal.....	3.4	3.4	3.4	3, 4					3.4
Spain.....	245.1	205.8	148.7	3, 4, 5	57.1	4			187.3
Yugoslavia.....	319.2	375.8	204.5	3 1/2, 4, 5	171.3	3 1/4, 4			205.4
Africa:									
Congo.....	15.7								
Ethiopia.....	17.5								
Guinea.....	17.3	8.2			8.2	4			
Ivory Coast.....	1.9	1.9			1.9	3 1/4			
Morocco.....	14.3	14.3			14.3	3 1/4, 4			
Senegal.....	2.0								
Sudan.....	8.3	8.3			8.3	3 1/4, 4			
Tunisia.....	19.7	19.0			19.0	3 1/4, 4			12.1
Near East and south Asia:									
Burma.....	31.9	26.6	18.1	4, 5	8.5	4			8.2
Ceylon.....	11.1	12.7	9.3	3, 3 1/2, 4	3.4	4			4.8
Cyprus.....	1.1	1.1			1.1	3 1/4			
Greece.....	54.1	51.9	36.3	3, 4, 5	15.6				49.4
India.....	1, 213.0	1, 083.0	398.9	3, 3 1/2, 4, 5	684.1	4			730.5
Indonesia.....	239.5	89.2	73.0	4, 5	16.2	4			29.3
Iran.....	29.5	28.4			28.4	4			16.6
Israel.....	171.3	177.8	90.9	3, 3 1/2, 4, 5	77.2	3 1/4, 4	9.7	3 1/4, 2, 4	126.4
Pakistan.....	266.7	274.8	87.3	3, 3 1/2, 4, 5	187.5	3 1/4, 4			191.9
Syria.....	22.8	20.2			20.2	3 1/4, 4			2.1
Thailand.....	1.8	1.7	1.7	4, 5					1.7
Turkey.....	199.1	212.2			212.2	3 1/4, 4			116.2
United Arab Republic.....	579.2	552.0			552.0	3 1/4, 4			307.4

Footnotes at end of table.

Loans under Public Law 480, title I, sec. 104(g), July 1, 1954, to June 30, 1954—Continued

[Million dollar equivalents]

Area and country	Total earmarked in sales agreement ¹	Total loan agreements signed ¹	Loans repayable in local currency with maintenance of value	Interest rate (percent) ²	Loans repayable in local currency without maintenance of value	Interest rate (percent) ²	Loans repayable in dollars	Interest rate (percent) ²	Total loan disburse- ment
Far East and Pacific:									
China.....	34.9	26.6							12.4
Japan.....	105.5	105.5	105.5	4.5					105.5
Philippines.....	11.6	5.0	5.0	4.5					5.0
Latin America:									
Argentina.....	18.7	14.9							14.8
Bolivia.....	22.7	17.7							7.1
Brazil.....	345.3	152.7							126.8
Chile.....	53.0	45.0							40.8
Colombia.....	39.7	32.6	27.7	4.5			3.9		30.7
Ecuador.....	7.2	6.9							6.7
Mexico.....	11.4	10.8	5.8	3, 4.5					10.5
Paraguay.....	6.0	5.8	2.1	4.5			10.8		4.3
Peru.....	23.5	23.9	12.5	3, 3½, 4.5					13.6
Uruguay.....	15.3	14.3							12.3
Total.....	4, 375.2	3, 778.7	1, 266.6				131.0		2, 528.6

¹ Several factors account for differences between the total loans earmarked and total loan agreements: (1) Unsigned loan agreements; (2) difference in exchange rates; (3) adjustments in amount of loan agreements to agree with disbursements; and (4) lack of adjustment in sales agreement earmarking to reflect shortfalls.

² Interest rates were generally in effect as follows: 3 and 4 percent up to fiscal year 1958; 4 and 5 percent during fiscal year 1958; 3½ percent during fiscal year 1959; 4 percent from April 1959 to April 1962; ¾ percent since April 1962. Interest rates for individual loan agreements are listed in AID Report W-224, "Status of Loan Agreements."

Loans under Public Law 480, title I, section 104(c) (Cooley), as of June 30, 1964

[Dollars in thousands]

Area and country	Amount of loan agreement	Amount disbursed	Interest rate (percent)
Europe and Africa:			
Finland.....	\$2,577	\$2,577	6, 7½
France.....	6,448	6,448	7½
Italy.....	3,658	3,658	6¾, 7
Sudan.....	453	453	7
Near East and south Asia:			
Greece.....	6,634	6,291	6, 7
India.....	73,542	38,672	6, 7
Iran.....	433	433	5, 8
Israel.....	17,571	17,141	5½, 10
Pakistan.....	8,575	8,412	5, 6½
Turkey.....	36,441	28,029	7, 8
United Arab Republic, Egypt.....	1,032	1,032	5½
Far East:			
China.....	3,182	2,852	9, 12
Korea.....	1,651	1,651	8
Philippines.....	3,700	2,487	7, 7½
Vietnam.....	550	412	6
Latin America:			
Chile.....	685	685	10
Colombia.....	6,095	6,032	8, 9
Ecuador.....	822	418	8, 9
Mexico.....	6,762	6,762	10
Paraguay.....	825	767	9
Peru.....	2,657	1,686	6, 8
Uruguay.....	3,332	3,332	6½, 7½
Total.....	187,625	140,230	-----

Disbursements for the purchase of goods and services for other friendly countries granted under Public Law 480, title I, subsec. 104(d), July 1, 1954-June 30, 1964

[In thousands]

Country	Type of currency	Foreign currency units	U.S. dollar equivalent
Finland.....	Finn marks.....	545,000	1,700
France.....	Francs.....	17,035	3,477
India.....	Rupees.....	152,544	32,121
Italy.....	Lire.....	3,748,182	6,036
Japan.....	Yen.....	3,112,168	8,645
Total.....	-----	-----	51,979

Disbursements to promote economic development and multilateral trade under Public Law 480, title I, subsec. 104(e) (grants), July 1, 1954-June 30, 1964

[In thousands]

Country	Type of currency	Foreign currency units	U.S. dollar equivalent
Brazil.....	Cruzeiros.....	10,087,338	18,610
Burma.....	Kyats.....	8,218	1,741
Ceylon.....	Rupees.....	10,909	2,291
Congo.....	Francs.....	1,453,572	15,212
Egypt.....	Pound.....	1,139	2,619
India.....	Rupees.....	1,784,561	376,395
Indonesia.....	Rupiah.....	636,297	6,820
Israel.....	Pounds.....	41,169	15,903
Japan.....	Yen.....	216,000	600
Pakistan.....	Rupees.....	1,537,327	323,079
Peru.....	Soles.....	3,866	144
Philippines.....	Pesos.....	6,500	1,669
Tunisia.....	Dinars.....	2,659	1,197
Turkey.....	Liras.....	19,000	2,111
Yugoslavia.....	Dinars.....	32,712,744	43,617
Total.....	-----	-----	812,008

The CHAIRMAN. You may proceed.

Secretary FREEMAN. Under title II, we have shipped farm products valued at more than \$1.0 billion to 69 countries, mainly in the form of donations, under which our commodities are used both to support economic development projects and to feed the victims of earthquakes, floods, droughts, or other disasters. Through title II, we also are carrying out the U.S. pledge to the U.N.-FAO world food program, now in its second year.

These hearings are not directly concerned with title III but I do want to pay tribute to the donation of food to foreign needy people through U.S. voluntary agencies and international organizations. Twenty billion pounds of U.S. food has been sent to needy people since 1954 under this program, the food having a cost value of \$2.4 billion. CARE, Catholic Relief Services, Church World Service, UNICEF, and Lutheran World Relief reach 98 percent of total recipients; 12 smaller organizations account for the balance. About 72 million persons in 134 countries and territories are receiving this food.

I also want to mention title IV, under which we supply U.S. farm products to the stronger developing countries on a dollar-sales basis with payments over a considerable period of time.

Title IV is of particular help to countries which are "graduating" from title I foreign currency purchasing to dollar purchasing; the relatively smooth transition is facilitated when credit terms can be arranged. From July 1961 through June 1964, 40 title IV agreements and amendments were signed with 18 countries, for commodities, having a market value (including ocean freight on U.S. vessels) of \$262 million.

Let me say, in conclusion, that American agriculture—and the food situation in the less-developed countries, are still in a period of adjustment. I say this while recognizing the progress that has been made in the direction of adjustment.

What faces us, then, is the prospect of a continuing imbalance of food supplies at least for the next few years. Our supplies, and supplies of some of our friends, will continue to stay in excess of needs. The less-developed countries will continue to be confronted with malnutrition which could quickly turn into famine unless the world is lucky. As long as these unbalanced conditions persist, we should and must continue the sharing of our abundance with the needy. To do otherwise would, I am convinced, endanger our domestic agricultural economy and undo in considerable part what we have accomplished with Public Law 480 in the underdeveloped countries in the past decade.

By reenacting the Agricultural Trade Development and Assistance Act of 1954, we can forge ahead with the domestic and foreign adjustments that are needed to bring about a better balance in the world's food supplies.

Reenactment of Public Law 480 will strengthen our American agriculture, it will aid in developing a more prosperous export trade in farm products, it will help to prevent hunger and famine abroad, and it will strengthen an American foreign policy consistently aimed in the direction of stability and peace.

As you can see, I fully support the concepts of Public Law 480. This legislation, in my opinion, is indispensable to the United States and to the rest of the free world at this particular period of history.

The CHAIRMAN. Now, Mr. Secretary, I think that it was yesterday or the day before that the House Committee on Agriculture reported a bill for action by the House of Representatives as a whole. I presume that you are familiar with its contents.

Secretary FREEMAN. Yes, sir; I think I am.

The CHAIRMAN. As you know, there is a little conflict between the House and the Senate as to the best method of controlling these expenditures, that is, to have supervision of those expenditures in some way. I believe, personally, that one of the best methods of doing this is through the appropriations, but the House has suggested the creation of a commission composed of you and others, and the chairman and ranking minority members of the Agriculture Committees of the House and the Senate. I would like to have your reaction to either method or both.

Secretary FREEMAN. First, Mr. Chairman, I would want to say that I believe that there has been a very good working relationship between the executive and the legislative branches of the Government where Public Law 480 is concerned. I know that I have enjoyed a very courteous and helpful relationship with the chairman and with the ranking minority member and other members of the committee, and I can say the same for the House.

I believe that the system which we have followed has been an efficient and an effective one. It has made possible the kind of flexibility and discretion which the changing conditions in agriculture in this country and around the world require. And I believe that it ought to be continued. And I am merely really saying, Mr. Chairman, that I think that the control exercised by the Congress over Public Law 480 has been wise, and I think that the Executive has been responsive to that interest. And would say that I think that the mechanism as it exists in the current law ought to be continued.

The CHAIRMAN. As you know, we have had discussions about the rates of interest charged. I brought it to the attention of the Senate sometime ago that although our surplus commodities under title II, let us say, are sold at world prices wherein we suffer some loss, the interest rate in some instances is fixed as low as three-quarters of 1 percent. which means nothing, no interest, really.

What have you to say about that?

Secretary FREEMAN. Well, I think, because of the chairman's interest in this, and the interest that is shared in the House, this matter has been reviewed and considered, and the policy, by way of adjusting the interest rates, should be more consistent with the cost of money in the world, particularly where loan repayments are made in soft currencies. This policy which is emerging, has been a result of the good relationship between this committee and the executive branch of the Government.

Mr. CHAIRMAN. As you know, the Senate yesterday adopted an amendment to the pending foreign aid bill more or less fixing the rate of interest.

Do you see any objection to fixing the rate of interest at a sum not less than what we must pay for money here?

Secretary FREEMAN. I think in the instance I see no objection to it, sir. In the instances where we are being repaid in so-called soft currencies.

The CHAIRMAN. What about—

Secretary FREEMAN. I would say that in the case of title IV where we are selling for dollars, and getting repaid in dollars, with the transition program moving toward a commercial relationship, it may very well be consistent with our program to expand our agricultural markets and at the same time not try and make too sharp a break with the recipient countries, that we might have a lower rate of interest over an extended period in those cases.

The CHAIRMAN. If those sales are made at what the goods cost, I would not have very much to say, but to get this food at a bargain rate, to get it paid at the delivery point, I mean, that the charge for it, at whatever cost it is at the delivery point, it would seem to me that since we in the past and in the present are paying a certain rate of interest that the recipients of our bounty, through this method, should at least pay the interest rate that we pay. I think people would have more respect for us if they did.

Secretary FREEMAN. This point can certainly be made, and if it was contemplated that this relationship would continue forever I think that the chairman's point would be conclusive. However, what is involved here is really a transition where a country which has not been a commercial customer, becomes in part a commercial customer. We at the same time are providing some needed assistance—and I think the facts show that this does take place in that country—looking to the time when it becomes a normal commercial customer over a given period of time. Sometimes these agreements fluctuate between, I think, 10 to 20 years. Otherwise I think, Mr. Chairman, we would not make these sales, in all probability, in these cases. In many instances we may have been getting repayment in soft currencies instead of repayment in dollars and we want to get repayments in dollars and so we serve a dual purpose. And so I do really think there is a difference between those loans and arrangements that involve the repayment in soft currencies and those that involve repayment in dollars.

The CHAIRMAN. As I recall, the House bill provides that these repayments in dollars should be made or credited to the Commodity Credit Corporation, rather than to the Treasury. What do you say to that?

Secretary FREEMAN. They should be credited to the Commodity Credit Corporation. And I think that they are now credited to the Commodity Credit Corporation, although paid to the Treasury. I am a little confused on that. How does it work?

STATEMENT OF CLARENCE R. ESKILDSEN, ASSOCIATE ADMINISTRATOR, FOREIGN AGRICULTURAL SERVICE, U.S. DEPARTMENT OF AGRICULTURE

Mr. ESKILDSEN. They are now credited to the Commodity Credit Corporation in the instances that I know of. There is a provision in an amendment passed last year, that would provide for these currencies—in a few of these that might arise under the sales of local currencies where that would be in local currencies.

Senator YOUNG. I wonder if you would not stand up so that we can hear you better.

Mr. ESKILDSEN. There is a provision in the law now which is an amendment to the Foreign Assistance Act, the so-called Smathers amendment, which does provide that in a few instances where the sales for local countries are made to private entities, the resulting dollars would go into the miscellaneous receipts of the Treasury. The House bill which has just been reported would change that, so that those dollars, as all of the other dollars that are repaid would go into the Commodity Credit Corporation.

The CHAIRMAN. Personally, I think with my good friend from North Dakota here and others, what they desire is to have these sales charged to foreign aid and not to the Department of Agriculture and it would seem to me that anything we might put in this bill that would bring that about would be very beneficial, because here is the Department of Agriculture which has been accused in the past of spending \$5 billion or \$6 billion for agriculture, and that it is a subsidy to the farmers. A good deal of it has been used to carry on the program that the Secretary has so eloquently described. And I believe that it ought to be charged to foreign aid, to foreign assistance, rather than to the Department of Agriculture.

Senator JOHNSTON. I think that you will find most of the members feel the same way that the chairman does in this regard.

The CHAIRMAN. There is a provision in the House bill which authorizes and encourages the sale of some of these currencies to tourists. That is, American tourists that go abroad, for cash and that also should be credited to the Commodity Credit Corporation.

Secretary FREEMAN. Yes, sir.

The CHAIRMAN. Do you agree to that?

Secretary FREEMAN. I certainly do.

The CHAIRMAN. In respect of the sale of our commodities to foreign countries for their own currencies, as you are no doubt familiar, about 3 years ago this committee adopted an amendment to the foreign aid bill, to the effect that the sales to foreign countries should be made at a realistic exchange rate. As I pointed out previously in my travels abroad the countries by not utilizing realistic exchange rates in addition to suffering a loss by selling at world prices, that is, our country, that we suffered a loss of almost \$700 million in four countries because of the fact that the rates of exchange were not realistic. For instance, in Poland, as I recall, anybody could obtain exchange rates of 55 zlotys to one dollar. We sold our surplus at 24 to 1. And in the case of Yugoslavia, anybody could get 600 dinars for \$1 and you sold wheat there and other surpluses at 300 to 1. And that, of course, meant quite a loss to our Treasury.

Are you satisfied with the provisions in the House bill?

Secretary FREEMAN. Yes. I think that the provision in the House bill, as I have read it, largely reinstates language that the chairman himself placed in the act some time ago. It was later somewhat modified. I believe that the problems to which you have addressed attention would be met by the House bill, and that language reads that the highest rate of exchange would be used for the payment for agricultural commodities.

The CHAIRMAN. I do express the hope—

Secretary FREEMAN. Mr. Bell corrected me by saying the highest legal rate. I stand properly corrected. I thank the Director for being sure that I am legal.

The CHAIRMAN. I do express the hope that the State Department will not step in here and try to reinstate the old procedure, getting this so-called legal rate in contrast to the rate of exchange that is given to anyone or any corporation or anybody doing business in the country. And I hope that Mr. Bell will see to it that that is done.

Mr. BELL. That is our intention, Mr. Chairman. We do not disagree with you at all.

Senator AIKEN. That is a good assignment.

The CHAIRMAN. And do not let these boys from the State Department override you, because if they do somebody is going to have to account to Congress for it.

Senator McGOVERN. With regard to this matter of the cost, I think that it is understandable why the farmers sometimes are concerned about being blamed for the cost of the oversea food program but there is another side to this problem. I would like the Secretary, if he would, to comment on what the approximate cost would be to the American farmer and to the Department of Agriculture if we did not have these oversea outlets.

Secretary FREEMAN. If I could repeat what I touched on in the statement which I have submitted, in the neighborhood of one-half of the wheat that is being exported is going out under Public Law 480, and if we went back to the \$12 billion worth of commodities and assumed that they were in storage and put a dollar value on that, the sum would be, indeed, astronomical.

Senator McGOVERN. What about the additional storage costs?

The CHAIRMAN. We may be producing too much, Senator McGovern. You know, we have been trying to get our production in line with what we can sell. We have been going to reach that goal now for quite some time, but somehow we have not been too successful with it.

Senator McGOVERN. I think that is a good point. But I think we ought to recognize that we have some stark alternatives ahead of us if we begin to crimp this oversea program. We have the alternative of either sharp reductions in production here at home or else piling the production up in Government warehouses.

The CHAIRMAN. That is the argument that has been advanced by foreigners. They think that we have these surpluses and that they are doing us a favor by letting them have it at a bargain price.

Senator McGOVERN. I do not think they are doing us a favor. But I think we have to recognize that in trying to put a cost label on the program, that it cuts both ways. There are, really, substantial benefits to us. There is nothing wrong, as I see it, with benefiting both the foreigners and ourselves. And I think that is the way the program works. It has been of enormous benefit to the people overseas. We are doing them a great favor in making these commodities available, but it is also a good arrangement for us and has been of great benefit to American agriculture. I think that the chairman has long supported that position, too.

The CHAIRMAN. I do not deny that, but it seems to me that we should be realistic and dispose of these commodities at a fair value

and get returns on them, if we can, and not be satisfied with merely giving them away.

Senator McGOVERN. I think that the Secretary made a good point, that we have to deal with these people according to their differing capacities. In some cases with outright donations and in other cases soft currency arrangements and in other cases we can work out long-term loans, but we certainly cannot expect the whole operation to be put on a hard commercial basis; otherwise, there would be no point to it. We might just as well go through commercial channels.

The CHAIRMAN. I am not complaining about that. We have had this program going on now, as the Senator knows, for 10 years. It has been quite a success. But what has irked me in many instances is that we have donated these commodities to many countries in an effort to try to show them how to use our food and the benefits that were derived by the use of that food, but when we stop giving it to them, they buy from someone else. That happened in Japan on our milk program. I can well remember when Secretary Benson was proud of the program that was going on in Japan whereby we used up a lot of our surplus milk. This was more or less by donation. The idea was to teach the use of good milk, wholesome milk for school-children in Japan. But the moment that we cut off the gift of the milk, Japan started buying milk from Australia instead of buying milk from us.

Senator McGOVERN. Is it not true, though, that Japan is one of the best customers we have?

The CHAIRMAN. Yes. That is correct. But I am just giving an instance. I could cite other instances along that line that when we stopped giving it to them, they purchased from someone else. I do not blame them when they buy where they can get it the cheapest. I do not believe that we should be in the position of competing with Australia or anybody else. We are selling this at a bargain price, as it is. It would seem to me the fact that we are giving it to many of these countries, until it hurts, that they should continue to buy from us.

Are there any further questions?

Senator YOUNG. I have some questions that I would like to ask, Mr. Chairman.

The CHAIRMAN. Proceed.

Senator YOUNG. What part of this program would you say is of direct benefit to agriculture and what part would be a part of our foreign aid program? Have you ever figured that out?

Secretary FREEMAN. Well, I would dislike to assess a percentage value to it, Senator Young. It accomplishes that and other goals as well.

No. 1, the markets involved are very important. Senator McGovern and others have just indicated that the markets that we are building for the future for dollar sales and commercial sales are important to the American farmer. The program is important to the whole economy in terms of what flows from it. And millions of people are involved in it.

I would defer for a more direct answer to my colleague, Mr. Bell. It is important as a part of our foreign policy as it seeks to strengthen and assist some of the developing countries to maintain their course in the direction of freedom. And certainly as it dramatizes as nothing else does the superiority of American free enterprise family farm system over the collectivized Communist agriculture.

If the Senator wants me to put a percentage value on each of these, I will do my best, but it would be pure conjecture. They are all important. And I think that one of the overwhelming parts of this program that made it such a success, and I say this advisedly, is that I think that it will go down as one of the most outstanding things done in the history of mankind, is because it does have this multiple effect of serving the mutual interests of so many people.

Senator YOUNG. I wonder if Mr. Bell would venture an estimate as to how much our foreign aid appropriation would have to be increased if we did not have this program?

Mr. BELL. I do not have any figures in my head, Senator. Obviously, they would have to be increased very substantially, because as the Secretary indicated this program has simultaneously served the interests of American agriculture, that is domestically, and the interests of the United States overseas in helping the growth and the strengthening of the freedom of the less-developed countries. We follow a very clear and definite policy of making use of Public Law 480 resources to the maximum extent, rather than dollar appropriations for quite obvious reasons. There are many things we are able to do and deliberately do through the use of Public Law 480 resources which we might well not do, if the question were whether to appropriate dollars for that specific purpose. But I want to reiterate what the Secretary has said, I do not think that this would be a reasonable test of the significance of Public Law 480, because the fact is that the same resources serve both objectives.

We are using effectively resources which, otherwise, would be costing us storage in the United States. We are using these resources effectively to feed people and to strengthen the economies of the countries where they are going, so that it is a dual-purpose program, rather than one that you could say easily, "Well, this much of it we would do for foreign aid purposes and this much of it we would do for American agriculture purposes."

Senator YOUNG. Do you have figures, Mr. Secretary, for the past year of the amount of food that has been shipped abroad under the title in which we give food for famine relief and to CARE and other such agencies. Also, would you provide figures on amounts shipped under the other titles for barter and sale for foreign currencies?

Secretary FREEMAN. Yes. We would be happy to submit them. I do not have them right at the top of my head to the exact dollar amounts, but I think it is covered by what the chairman has requested.

Senator YOUNG. Thank you.

(The information is as follows:)

Public Law 480 commitments¹ to export U.S. farm commodities, July 1, 1954, through June 30, 1964

[In millions of dollars]²

Fiscal year	Title I, sales for local currencies	Title II, disaster relief and other assistance ³	Title III		Title IV, long-term dollar sales	Total all titles
			Foreign donations	Barter		
1955-----	354.6	107.8	197.2	124.6	-----	784.2
1956-----	671.3	101.0	302.5	298.4	-----	1,373.2
1957-----	1,034.4	131.2	253.7	400.5	-----	1,819.8
1958-----	727.8	109.5	272.5	99.8	-----	1,209.6
1959-----	834.3	77.8	209.8	132.3	-----	1,254.2
1960-----	1,135.7	85.7	148.9	149.2	-----	1,519.5
1961-----	⁴ 1,766.9	273.7	208.2	143.9	-----	2,392.7
1962-----	1,591.2	214.9	224.5	198.4	57.0	2,286.0
1963-----	1,225.7	350.2	277.3	60.1	87.8	2,001.1
1964-----	469.1	292.5	334.6	93.0	117.9	1,307.1
Total-----	9,811.0	⁵ 1,744.3	2,429.2	1,700.2	262.7	15,947.4

¹ As used herein, "Commitments" refers to sales agreements under title I and title IV, transfer authorizations under title II, and title III shipments under barter contracts and foreign donation authorizations. In some instances, title I and title IV agreements provide for multiyear programming. Total commitments shown for each fiscal year do not necessarily correspond with actual shipments during the same period.

² Export market value (includes certain transportation costs) is used for title I, title III barter, and title IV. Title II transfer authorizations and title III foreign donations are at CCC cost.

³ Includes child-feeding, economic development, and world food program.

⁴ Includes financing for last 3 years of 4-year India agreement signed May 4, 1960.

⁵ Estimated market value calculated on ratio of current market prices to CCC cost, \$681,100,000 (all figures also include authorized ocean freight costs on title III foreign donations).

The CHAIRMAN. In connection with what Senator Young has stated to Mr. Bell about the use of these funds, we have a lot of funds in Egypt. I was disappointed and rather irked when I found out when I was in Egypt that we have quite a few ships going through the Suez Canal. And we have a lot of Egyptian money on hand—that is, Egyptian pounds—and yet we cannot use those pounds to pay for the cost of our ships going through the Suez Canal. And it would seem to me that these funds would be used for any purpose we desired in these countries.

What have you to say about that?

Mr. BELL. Senator Ellender, I do not know the background of that particular situation. As you know, the use of the local currencies that are derived from each of the title I agreements are controlled by the terms of the agreement entered into.

The CHAIRMAN. But if you put that into the agreement, we ought to have that.

Mr. BELL. It is a question I have not gone into. I will be glad to look into it. I do not know the pros and cons of that particular issue. I will have to pursue the matter before I would be prepared to comment.

The CHAIRMAN. A lot of the countries want the use of these funds to suit their own economy, and any time they can make use of those funds and force us to use dollars, they will do that. It would seem to me that any funds we have available in a country should be used for any purpose we see fit within the country.

Senator AIKEN. Have you any position on the proposal to put Egyptian pounds into a trust fund, the income from which would be

used for the benefit of the American University in Cairo? We have been asked to consider that. And I think that this is a good time to get your position on it.

Mr. BELL. We think this and similar ideas with respect to other countries where we have surplus currencies—that is, excess currencies—is a good idea. There are other ideas like it which we are actively pursuing right now. As a matter of fact, we have Dr. Herman Wells, the recent president of the University of India, acting right now as a consultant to us. I believe he is in India this week looking into a similar idea with respect to some of the excess rupees. We believe it ought to be possible to use some of the resources in Egypt and some of the resources in India this way.

We are trying to work out a practical way by which this can be translated from a good idea into a practical proposition.

Senator AIKEN. How would you decide which beneficiary to elect?

Mr. BELL. This is one of the things we have to consider.

Senator AIKEN. Is that not somewhat of a problem?

Mr. BELL. Yes, sir; it is.

Senator AIKEN. Would you make these trust funds to run indefinitely, so that the beneficiary would build its operations upon a scale which would become dependent upon them?

Mr. BELL. How would they be controlled? What would be the American representation on the board?

Senator AIKEN. Yes, that is what we have in mind. We have many problems here.

Mr. BELL. Exactly. That is why we have President Wells right now examining exactly this kind of question.

Senator AIKEN. So far as I can see they are all problems.

Mr. BELL. Yes.

Secretary FREEMAN. I will supplement that answer by saying that Mr. Bell and I have discussed this a number of times. India could be used as an example, because I recently was there. I was in Calcutta where we have a mission under a private foundation of very competent and knowledgeable people trying to be of service in reconstructing the sanitation and the housing and other things in that city where they are not of the highest standard, to say the least. And as a part of it I discussed informally with some of the Indian officials that when we were negotiating title I agreements, particularly when it involves substantial amounts of soft currency, that some of it at that time ought to be agreed to be expended on projects of significance that would be important to the local country but would also be dramatic in terms of the United States in the fact that this food would be used. I would like to see in Calcutta a slum clearance project, with signs placed up there that the money has been provided by the American food provided under the food-for-peace program by the farmers of America. I think that we ought to negotiate some of these kinds of things under these title I arrangements.

The CHAIRMAN. That is how a good use could be put to a lot of these, rather than to tie them up for 20 years, like in Egypt and, probably, invest them in Egyptian bonds. It is my belief that we ought to find uses for these funds and we should have more direction of them rather than tying them up in these agreements.

Senator AIKEN. What do we have in Italian lira on hand?

Mr. BELL. It is not much.

Senator AIKEN. We ordered them to spend them day before yesterday. I wondered how many we have to spend.

Mr. BELL. Italy is not an excess currency country. There aren't any surpluses of Italian lira, but I believe we do have some.

Senator AIKEN. I voted against that proposal because I thought that it was a hoax on the Polish people to give them to understand that we were going to establish and maintain their cemeteries in Italy when we did not have anything to maintain them with. Of course, I am not up for reelection—maybe that made a difference. [Laughter.]

The CHAIRMAN. Some voters have quite a long memory. [Laughter.]

Are there any further, questions?

Mr. Bell, have you anything to add—do you have a statement to make?

Mr. BELL. No, sir; I do not have a statement. We checked with the committee staff and they thought that it was not necessary.

The CHAIRMAN. I will ask your full cooperation, along with that of the Secretary, although I do not think that I need to do that, in obtaining for us all of these figures.

Mr. BELL. Yes.

The CHAIRMAN. We hope to have this record printed very quickly so that come Monday or Tuesday we probably will be able to vote this out. In the meantime, I am in hope that the House of Representatives will pass their bill, so that we can have that, too.

Mr. BELL. The information is available and we can get it up to you very promptly.

The CHAIRMAN. Get it to us as early as possible.

Mr. BELL. Yes.

Senator AIKEN. Is the bill as prepared by the House committee generally satisfactory?

Secretary FREEMAN. The bill as prepared by the House committee is generally satisfactory. There is one section in it to which Senator Ellender directed specific attention. This is in connection with the establishment of an advisory committee, composed of Members of the Congress and the executive branch of Government which would review and advise in connection with the excess currencies and grants. And my response to this is that it gives some concern. There is the question of executive-legislative relationship involved in it—and it was my firm conviction, after working with this committee and the House committee and the Congress generally for 4 years now in administering this program, that there is a good working relationship, that there is a good communication, that policies have been adjusted as circumstances have changed, and as the wishes of Congress have become clear. I think that the executive branch has tried, I know that I have, and I know Mr. Bell has, earnestly, to be responsive to the policy as determined by the Congress, and therefore I would say that the machinery which now exists, having proven itself, in my judgment, as efficient, allowing adequate discretion and flexibility and yet responsiveness to policy direction, ought to be maintained, rather than changed, and this committee may want to look at that section in that light.

The CHAIRMAN. Are there any further questions?

If not, we thank you very much, gentlemen.

Secretary FREEMAN. Thank you.

Mr. BELL. Thank you.

The CHAIRMAN. Without objection there will be placed in the record at this point a letter addressed to me, dated August 11, 1964, from Mr. Phillip S. Hughes, Assistant Director for Legislative Reference of the Bureau of the Budget, in respect to a proposal that chairman of this committee I made on this bill.

(The letter dated August 11, 1964, follows:)

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., August 11, 1964.

HON. ALLEN J. ELLENDER,
U.S. Senate, Washington, D.C.

DEAR SENATOR ELLENDER: The purpose of this letter is to express our concern over the provisions of S. 2687, a bill to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes (Public Law 480), which would require the preparation and inclusion of additional material in the annual budget. The bill would require that the President's budget for the fiscal year 1966 and each fiscal year thereafter contain specified information with respect to foreign currencies and other commodities and funds available under each provision of the Agricultural Trade Development and Assistance Act, and other acts for generally similar purposes. As a general principle, it is desirable to avoid statutory specifications on details of the budget, leaving flexibility in determining and revising the most appropriate way of presenting the budget from time to time. Additional information desired by the Congress or its committees might better be requested directly or, at the most, be required as a part of the budget justification rather than as a regular part of the formal budget document.

The proposed requirement would add appreciably to the budget document and would require a disproportionate amount of space for details with respect to this act. The budget now includes a considerable amount of information on the availability and use of foreign currencies owned by the United States. A copy of special analysis K, "Foreign Currency Availabilities and Uses," reprinted from the 1965 budget, is enclosed. In addition, the budget appendix contains schedules showing more details on the use of foreign currencies without charge to appropriations (for example, see pp. 61 and 62 of the 1965 budget appendix).

Apart from the problem of having permanent legislation specify the contents of the budget document, there are a number of technical problems in providing the information which would be required under the terms of S. 2687:

1. The provision would require reporting separately on the amounts of foreign currencies under each of the 19 present subsections and 2 proposed new subsections of section 104. Under the present system of negotiating agreements, the amount for U.S. purposes (subsecs. (a), (b), (d), (f), and (h) through (s)) is stated in a lump sum which is available for any or all of these subsections, and amounts are specified separately only for each country use subsecs. (c), (e), and (g)). The provision of a single amount for all U.S. purposes permits flexibility in making the best use of the currency, and makes it unnecessary to obtain the consent of the other Government if subsequent developments make it desirable to use the currencies for a different purpose. Budgetary control, accounting and reporting of the currencies following this same pattern. Under these arrangements, the requirement for separate reporting on each of the subsections relating to U.S. purposes would produce considerable overlapping and duplication in reporting, for each subsection, the amount which "could lawfully and properly be used for such purpose, even though they may have been administratively allocated to some other purpose." It would also result in the attribution of a large portion of expenditures for these purposes since 1960 to subsection 104(f).

Our primary objective in the management of foreign currencies available for U.S. programs is to see that these currencies are expended instead of using U.S. dollars, to the maximum extent possible. Foreign currencies used to pay most obligations may be either Public Law 480 currencies, currencies received

from other sources, or (in many countries) currencies purchased with dollars through commercial sources. The total expenditures of currencies from each source is readily available, but it is not possible in most cases to attribute expenditures of currencies from any one source to specific appropriations. Such an attribution would not contribute to the objective of maximizing the use of foreign currencies in lieu of dollars.

2. The requirement that, in addition, there be included other commodities and funds available for the purpose specified in section 104 and for "generally similar purposes" would involve quite subjective judgment as to what purposes are similar. Since subsection (f) covers "payment of U.S. obligations abroad," the bill literally would require an identification of every appropriation item that involves obligations to be paid abroad. The identification of amounts used for payment of obligations abroad from 1954 to date would impose a heavy administrative burden and would not help to maximize the use of foreign currencies.

3. The provision would also require reasons to be offered for not using Public Law 480 resources in lieu of appropriations. Since the application of Public Law 480 resources for U.S. uses is already controlled by appropriations, it is meaningless to require explanations in these cases. In the case of country-use programs, the explanation would generally be that the country's need for outside resources cannot be met with the country's own currencies.

4. The provision also requires the annual budget to contain an estimate of the value of commodities to be covered by sales agreements and grants to be made during the fiscal year, an estimate of the sales proceeds, a statement of the purposes for which such proceeds will be used, and a statement on the extent to which the use will preclude the necessity for the appropriation of other funds, including the reasons for entering into such agreements in excess currency countries. It would prohibit entering into agreements which would result in exceeding any estimate.

It would be exceedingly difficult, if not impossible, to forecast transactions by country in such detail so far in advance of negotiations. While forecasts are currently made of anticipated foreign currency collections under current and prior agreements, as a basis for the special analysis on foreign currencies in the budget, the publication of more details and the specific forecasting of new agreements could hamper subsequent negotiations of sales agreements. The rigidity which would be introduced by such controls would greatly hinder the most advantageous negotiation of agreements and the best utilization of the proceeds. Since the value of commodities, foreign exchange rates, and other factors usually change between the time that budget estimates are prepared and the time of agreement, it would be very difficult to maintain a logical and consistent relationship among the various types of estimates which would be required.

In summary, we believe that the present system provides adequate control over the use of Public Law 480 and other currencies for U.S. programs, and that the proposed system of making detailed budget estimates controlling over future agreements would impose a very serious administrative and accounting burden which is unnecessary to achieve our joint purposes.

Sincerely,

(Signed) PHILLIP S. HUGHES,
Assistant Director for Legislative Reference.

The CHAIRMAN. All right, Mr. Lynn, we will be glad to hear from you now for the American Farm Bureau Federation, and I notice that you have a long statement. Will you highlight it for us?

The whole statement will be put into the record.

STATEMENT OF JOHN C. LYNN, LEGISLATIVE DIRECTOR, AMERICAN FARM BUREAU FEDERATION

Mr. LYNN. Mr. Chairman and members of the committee, we appreciate the opportunity to present the Farm Bureau's views with regard to Public Law 480, the Agricultural Trade Development Act.

In the first few pages of this statement we try to summarize what some of the results of Public Law 480 have been. You will recall that it was a temporary program, designed to relieve us of some of

the surpluses we had in the Commodity Credit Corporation, but, unfortunately, it has not worked like that. We have about \$1,400 million more surpluses now than we had 10 years ago in the Commodity Credit Corporation. We think it is very important that the Congress review the operation of this program at least every 3 years, because we think that it needs to be improved because of changing conditions that do exist. We think that in some cases Public Law 480 is being used to deter our ability to get into commercial markets. We think that this is true, perhaps, in India and Pakistan and the United Arab Republic. And for this reason and others we are making some specific recommendations for changes in this bill. Starting on page 5, if I may, sir, I would like to read the specific recommendations that we make.

New safeguards: The most important safeguard is to take those steps necessary to insure that foreign currency sales are limited to agricultural surpluses. This means that our domestic agricultural programs should not encourage production in order to expand foreign currency movements under title I. This also means that we should not attempt to justify unrealistic domestic programs by citing the availability of foreign currency sales as a means of exporting the surplus production. We have a serious obligation, not only to ourselves but also to other exporting nations, to make basic changes in our domestic agricultural programs to prevent artificial incentives for production when such production is to be pushed into the world markets through special programs such as Public Law 480.

The CHAIRMAN. That is in the law, as you know. That is in the law already.

Mr. LYNN. We hope that it remains so.

The CHAIRMAN. That is part of the law. That has not been changed—it is in the law now. That is, that we shall not produce food for peace, it is only in the event that we have surpluses that it can be made available for any long-term contracts.

Mr. LYNN. The reason that we emphasize this point is that the subcommittee of the House Committee on Agriculture did modify that section when they reported their bill to the full committee of the House, and it was changed in the full committee.

Of course, the magnitude of the export movements of agricultural surpluses as carried out under Public Law 480 presents a constant danger of displacing normal commercial sales. In our opinion, some displacement has already occurred.

Any new legislation should require that "usual marketing provisions" be included in every agreement. In addition, we should require that all future foreign currency sales be made on the condition that a fixed percentage of the total purchase be paid for in dollars or freely convertible foreign exchange.

The recent export arrangement with Poland which included a \$30 million foreign currency sale, a \$30 million short-term credit sale, and a \$30 million sale on commercial terms is evidence that it is time, and that it is possible, to move toward more commercial sales arrangements with the countries which have been acquiring a major part of their food needs through title I type programing. We believe that a 25-percent requirement would not be unreasonable in most cases.

After 9 years' operation of this program, there is a growing attitude among many nations that farm products are not worthy of foreign exchange. To put it another way, many underdeveloped countries seem to feel that foreign exchange is something to be used for the importation of industrial goods since food import requirements can be met through Public Law 480 type transactions. This could have an extremely detrimental long-term effect upon potential dollar markets for farm products.

The excessive foreign currency balance indicates the necessity for a requirement in the law that a Public Law 480 agreement specify not only the general category to which the foreign currency is to be applied but also the projects for which those funds allocated to economic development will be used. Foreign currency should not be generated through title I sales unless there is real evidence that it can be used promptly and constructively. A foreign currency sale which results in such currency lying indefinitely in a U.S. account is not a sale, and is not serving the best interest of either country.

What we are saying is that when an agreement is negotiated negotiations should take place as to what would happen to the foreign currency.

We believe that the adoption of the new section 309, as contained in subparagraph 11 of S. 2687, Ellender, Democrat, of Louisiana, could make a major contribution toward dealing with this problem. It is important that these foreign currencies be budgeted and appropriated. It is imperative that they be used instead of appropriated dollars wherever possible. A start must be made in eliminating these currency surpluses." Section 309 of your bill could play an important part in solving this serious problem.

Since market development activities are being financed by appropriations even when foreign currencies are used, the mandatory "set-aside" of 5 percent for market development activities should be deleted. With the adoption of our recommendation of a 25-percent cash requirement, there should also be deleted the 2-percent convertibility requirement contained in section 104(a).

Extension and authorization: Adoption of the revisions recommended herein would enable Farm Bureau to support a 3-year extension of the authority to enter into foreign currency sales contained in title I of Public Law 480. We would recommend an increased authorization of \$3 billion with the additional limitation that not more than \$1.5 billion could be committed in any 1 year.

We believe that authorizations for title I should act as a discipline upon the programing. It is apparent that this has not been the case in recent years. Therefore, we are opposed to proposals which (1) carry forward unused authorizations for past years and (2) increase authorizations by an amount equivalent to repaid loans or reimbursement from other agencies. Excess authorizations of past years should not be used as a means of providing excess authorizations for future years. The fact that loans made in the past are being repaid has no relationship to the requirements of future programing.

1. We believe it is essential for Congress to review and reassess a program of the magnitude and implications of Public Law 480 at least every 3 years.

2. We believe it is imperative that the United States not indicate to recipient countries or to other exporting countries that we intend to enter permanently into a program of noncommercial export movements of U.S. agricultural products. It is not in the best interest of the United States, the American farmer, or the underdeveloped nations of the world to indicate such an attitude. It would not build strength, it would sustain weakness; it would not generate gratitude, it would compound resentment. Our relationship with underdeveloped countries should be based on the principle of a partnership in trade, not on a donor-donee basis.

An additional \$3 billion authorization to cover this period should prove sufficient. The fact is that we already have overprogramed some countries. It certainly is an unhealthy situation when recipient nations must come to the United States to explain why they do not want to take as much as we have tried to give them.

Title II emergency relief: Donations for emergency relief and so-called work payment programs under title II of Public Law 480 are currently administered by the Agency for International Development. It seems appropriate that such activities be delegated to the foreign aid agency. Logically the cost should be borne by the foreign aid budget. Therefore, Farm Bureau recommends that title II authorizations be transferred to the foreign aid bill and be subject to appropriations for foreign aid.

We believe that Congress should extend title II for 1 year with a \$300 million authorization and further recommend that the committee report make clear that authorizations and appropriations for programming subsequent years be handled in the foreign aid bills.

As a temporary program, Public Law 480 can move surpluses into consumption to countries unable to pay dollars. However, the export movements should be used to expand future commercial trade, not as a substitute for such trade. It will defeat our purpose if we allow Public Law 480 to become a permanent program and if we permit recipient countries to become permanently dependent on U.S. Government programs for their food import needs.

(The complete statement of John C. Lynn follows:)

We appreciate this opportunity to present Farm Bureau's views with regard to Public Law 480, the Agricultural Trade Development Act. Under current law, title I (authority for sales of surplus farm products for foreign currency) and title II (authority for foreign grants for agricultural surpluses) expire December 31, 1964.

Farm Bureau is an organization of 1,628,295 farm and ranch families in 49 States and Puerto Rico. Our extensive policy development program provides every member, individually and through his elected representatives, an opportunity to study, discuss and take action at thousands of meetings each year.

In 1954 Farm Bureau took a leading role in developing legislation, which became Public Law 480, authorizing an export program for surplus agricultural products designed to move them into consumption and establish the basis for long-term commercial sales in the future. You will recall that this was to be a temporary program. At the time, international trade in farm products was being restricted because of several factors. One of the chief factors was a "dollar shortage" which was almost worldwide. Today that situation has changed dramatically. When Public Law 480 was being considered by Congress in 1954, it was looked upon as a means of moving surpluses out of storage and into consumption. Our agricultural surpluses at the time amounted to a little over \$6 billion. As of May 31, 1964, after 10 years of Public Law 480 our agricultural surpluses amount to some \$7.4 billion. So in light of the many changes that have occurred, we think it is appropriate that this program be reviewed at this time.

The current situation

To a very large degree, as is indicated by the continued buildup in Commodity Credit stocks, Public Law 480 shipments have come out of current production, and perhaps these export movements have given the impression that some of our domestic agricultural programs have been working better than they actually are.

The program has moved a tremendous amount of surplus agricultural products to many nations which would not have been able to obtain them through normal purchases. Agricultural products valued at over \$20 billion have moved since the enactment of this law.

Title I foreign currency sales have accounted for the export of \$13.6 billion worth of farm products. Title II donations have amounted to \$1.6 billion; foreign and domestic relief shipments under title III have exceeded \$3.4 billion and barter contracts account for over \$1.7 billion. Less than \$237 million of farm products has been sold under the long-term credit arrangements of title IV.

Foreign currency sales under title I have accounted for nearly 2.9 billion bushels of wheat, 84 million bags of rice, 433 million bushels of feed grains, 7.7 billion pounds of fats and oils, 8.1 million bales of cotton, and large quantities of other farm products. Since U.S. agriculture has a vital stake in the export market, present and future, we must be concerned over the persistent percentage of our exports that moves under the Government programs of Public Law 480.

In fiscal year 1963—

Wheat exports represented 58 percent of U.S. production; 76 percent of these exports moved under Public Law 480.

Rice exports were 54 percent of U.S. production; 58 percent of these exports moved under Public Law 480.

Drastically reduced cotton exports still represented 25 percent of U.S. production; the percentage that moved under Public Law 480 increased to 33 percent.

Soybean oil and cottonseed oil exports represented over 40 percent of U.S. production of these oils; 40 percent of these exports moved under Public Law 480.

The above agricultural products represented 40 percent of our agricultural exports last year. On a total value basis, 60 percent of them moved under Public Law 480. Can any industry hope to build solid markets if it continues indefinitely to base such a substantial part of its marketing on Government programmed exports for nonconvertible currency?

Foreign currency sales

Farm Bureau 1964 policies in regard to Public Law 480 state:

"The law should be extended for not more than 3 years with authorization to use existing surpluses in a constructive manner, moving them into consumption where nations are unable to pay in dollars. These export movements should not replace dollar sales. It is not consistent with the purpose and intent of the law to embark on a program of encouraging production to expand Government-financed movements or to attempt to justify unrealistic domestic programs by citing the availability of foreign currency sales as a means of exporting the surplus production."

In our opinion, the purpose of title I foreign currency sales has been widely misunderstood. This program was not designed to be—it never has been—a direct relief program in which food was given to the people of the recipient country. Other titles of Public Law 480 and the foreign aid program were designed to serve that function. Under title I, the recipient country is supposed to make payment for the product received. The food and fiber is sold through normal commercial channels, and the individual consumers in the recipient countries pay their local currency for these products. Such a program provides the recipient country with two direct benefits:

(a) it is a means of accumulating capital for economic development, and

(b) it permits the importation of food in cases where foreign exchange is not available to pay for it.

When Public Law 480 was enacted, and a dollar shortage existed throughout the world, foreign currency transactions were viewed as a transitional program which would lead to normal commercial trade as foreign exchange became available.

In the current situation Public Law 480 appears to be operated primarily in interest of the economic development of less developed countries. There have

been instances in the past when this program was used to develop some solid markets for U.S. agricultural products; however, we question whether it is achieving this objective currently.

For example, wheat shipped to Japan under Public Law 480 has developed a continuing market which probably would not have reached its present magnitude without the program. Over 6 years ago, soybean oil sales to Spain were initiated under Public Law 480. Spain has now emerged as the largest U.S. cash market for edible oils. However, continued unrestricted programing to countries such as India, Pakistan, the United Arab Republic, etc., will not bring about commercial markets. It may very well prevent them from developing.

The international dollar shortage of 1954 has been reversed in 1964. The persistent balance-of-payments deficit of the United States has built up tremendous dollar and gold reserves outside of this country. With a deficit in our balance of payments which has averaged around \$3 billion over the past several years, a policy of programing annually \$1.5 billion worth of farm products for foreign currency should be subjected to the closest scrutiny.

The extent to which many underdeveloped countries can benefit from additional accumulation of local currency under Public Law 480 is subject to serious question. The billions of dollars worth of foreign currency accumulated under Public Law 480 has become in many instances more of an embarrassment than an asset. The Budget Bureau has indicated that the United States today holds "excess currency in Poland, India, Burma, Israel, Pakistan, the United Arab Republic, and Yugoslavia." We have accumulated sufficient foreign currency in some countries to attain the unenviable position of being capable of wrecking the foreign country's economy. The fact is that some foreign countries have little motivation to "draw down" foreign currency generated by Public Law 480 for economic development projects. There is some indication that, given the choice, some foreign countries prefer to pay for projects with "new money" rather than to borrow foreign currency from the Public Law 480 account. The effect upon their economies is approximately the same if the United States agrees to continue to confine its hoard of foreign currency; and, in the case of "new money," there is no need to pay interest.

For example, the United States holds \$532 million worth of rupees in India. The Budget Bureau estimates that we will spend about \$21 million equivalent in India during this fiscal year.

The foregoing facts indicate that, just as the conditions in 1954 called for a new program such as Public Law 480, current conditions in 1965 call for basic and fundamental changes in the program. This requires the enactment of new safeguards and the strict and vigorous implementation of them.

New safeguards

The most important safeguard is to take those steps necessary to insure that foreign currency sales are limited to agricultural surpluses. This means that our domestic agricultural programs should not encourage production in order to expand foreign currency movements under title I. This also means that we should not attempt to justify unrealistic domestic programs by citing the availability of foreign currency sales as a means of exporting the surplus production. We have a serious obligation, not only to ourselves but also to other exporting nations, to make basic changes in our domestic agricultural programs to prevent artificial incentives for production when such production is to be pushed into the world markets through special programs such as Public Law 480.

Of course, the magnitude of the export movements of agricultural surpluses as carried out under Public Law 480 presents a constant danger of displacing normal commercial sales. In our opinion, some displacement has already occurred.

Any new legislation should require that "usual market provisions" be included in every agreement. In addition, we should require that all future foreign currency sales be made on the condition that a fixed percentage of the total purchase be paid for in dollars or freely convertible foreign exchange.

The recent export arrangement with Poland which included a \$30 million foreign currency sale, a \$30 million short-term credit sale, and a \$30 million sale on commercial terms is evidence that it is time, and that it is possible, to move toward more commercial sales arrangements with the countries which have been acquiring a major part of their food needs through title I type programing. We believe that a 25-percent requirement would not be unreasonable in most cases.

After 9 years operation of this program, there is a growing attitude among many nations that farm products are not worthy of foreign exchange. To put it another way, many underdeveloped countries seem to feel that foreign exchange is something to be used for the importation of industrial goods since food import requirements can be met through Public Law 480 type transactions. This could have an extremely detrimental long-term effect upon potential dollar markets for farm products.

The excessive foreign currency balance indicates the necessity for a requirement in the law that a Public Law 480 agreement specify not only the general category to which the foreign currency is to be applied but also the projects for which those funds allocated to economic development will be used. Foreign currency should not be generated through title I sales unless there is real evidence that it can be used promptly and constructively. A foreign currency sale which results in such currency lying indefinitely in a U.S. account is not a sale, and is not serving the best interests of either country.

We believe that the adoption of the new section 309, as contained in subparagraph 11 of S. 2687, Ellender, Democrat, of Louisiana, could make a major contribution toward dealing with this problem. It is important that these foreign currencies be budgeted and appropriated. It is imperative that they be used instead of appropriated dollars wherever possible. A start must be made in eliminating these foreign currency "surpluses." Section 309 of your bill could play an important part in solving this serious problem.

Since market development activities are being financed by appropriations even when foreign currencies are used, the mandatory set-aside of 5 percent for market development activities should be deleted. With the adoption of our recommendation of a 25-percent cash requirement, there should also be deleted the 2-percent convertibility requirement contained in section 104(a).

Extension and authorization

Adoption of the revisions recommended herein would enable Farm Bureau to support a 3-year extension of the authority to enter into foreign currency sales contained in title I of Public Law 480. We would recommend an increased authorization of \$3 billion with the additional limitation that not more than \$1.5 billion could be committed in any one year.

We believe that authorizations for title I should act as a discipline upon the programing. It is apparent that this has not been the case in recent years. Therefore, we are opposed to proposals which (1) carry forward unused authorizations for past years and (2) increase authorizations by an amount equivalent to repaid loans or reimbursement from other agencies. Excess authorizations of past years should not be used as a means of providing excess authorizations for future years. The fact that loans made in the past are being repaid has no relationship to the requirements of future programing.

1. We believe it is essential for Congress to review and reassess a program of the magnitude and implications of Public Law 480 at least every 3 years.

2. We believe it is imperative that the United States not indicate to recipient countries or to other exporting countries that we intend to enter permanently into a program of noncommercial export movements of U.S. agricultural products. It is not in the best interest of the United States, the American farmer, or the underdeveloped nations of the world to indicate such an attitude. It would not build strength, it would sustain weakness; it would not generate gratitude, it would compound resentment. Our relationship with under developed countries should be based on the principle of a partnership in trade, not on a donor-donee basis.

An additional \$3 billion authorization to cover this period should prove sufficient. The fact is that we already have "overprogramed" some countries. It certainly is an unhealthy situation when recipient nations must come to the United States to explain why they do not want to take as much as we have tried to give them.

Title II emergency relief

Donations for emergency relief and so-called work payment programs under title II of Public Law 480 are currently administered by the Agency for International Development. It seems appropriate that such activities be delegated to the foreign aid agency. Logically the cost should be borne by the foreign aid budget. Therefore, Farm Bureau recommends that title II authorizations be transferred to the foreign aid bill and be subject to appropriations for foreign aid.

We believe that Congress should extend title II for 1 year with a \$300 million authorization and further recommend that the committee report make clear that authorizations and appropriations for programming subsequent years be handled in the foreign aid bills.

As a temporary program, Public Law 480 can move surpluses into consumption to countries unable to pay dollars. However, the export movements should be used to expand future commercial trade, not as a substitute for such trade. It will defeat our purpose if we allow Public Law 480 to become a permanent program and if we permit recipient countries to become permanently dependent on U.S. Government programs for their food import needs.

The CHAIRMAN. Thank you.

Are there any questions? If not, thank you very much.

Mr. LYNN. Thank you.

The CHAIRMAN. Our next witness is Mr. Harry L. Graham, legislative assistant to the master of the National Grange.

STATEMENT OF HARRY L. GRAHAM, LEGISLATIVE ASSISTANT TO THE MASTER, NATIONAL GRANGE

Mr. GRAHAM. My name is Harry L. Graham, and I am legislative assistant to the master to the National Grange.

Just in paraphrasing what is in the prepared statement, I would say that the National Grange has been a staunch supporter of this program since its beginning, and in our judgment the accomplishments of the program are of such a nature that it merits not only our continued support but our high praise.

We know there has been some criticism of the program. It is inevitable that in a program this big and far reaching there would be some administrative mistakes and that there would be some problems arising from the distribution of this much food and agricultural commodities, but we also believe there have been substantial improvements in the distribution and that the improvements seem to be in the picture today; although they may not eliminate all of the problems they certainly reduce them.

One of the things we have liked about this program is that it has had the unique ability of bringing private citizens and the Government into a working relationship and it is interesting to note that through June 1963—I am sorry that the 1964 figures are not in—we distributed \$1,387 million of American foodstuffs free to needy people under title IV.

The churches themselves, basically, raised the same amount of money—that is, churches and private relief organizations. They have some 780 people overseas at the present time distributing these food products. I think this has been one of the really fine accomplishments that has come out of this program.

Senator YOUNG. I would certainly agree with you. In my travels I made abroad this particular part of the program has made us more friends than all of the foreign aid program and other programs put together.

Mr. GRAHAM. I think sometimes, as the former President said, our only reward is a good conscience. But I think in this case we have had more than a good conscience as our reward.

I think that the bad propaganda that would come from refusing to use our surpluses for people in need would be incalculable. And

we do not foresee the time in the foreseeable future when the problems of the developing countries and the relationships that are involved with them are going to be eliminated to the point that we no longer see the necessity of carrying forward at least some parts of this program.

On of the accomplishments of most interest to us has been the fact that this has been a means of moving a number of countries from being Public Law 480 recipients to becoming purchasers of American agricultural products.

These include Spain, Italy, Japan, the United Kingdom, the Netherlands, Argentina, and Mexico, among others.

The total average imports of these countries in the 1955-59 period was \$1,819 million; including Public Law 480 sales in 1962, these countries imported from America \$2,070 million with only \$45 million of the sales for soft currencies, and those were carryover sales in tobacco and a couple of items, primarily from Spain.

There is no question but that there has been an amazing development in the market.

For instance, last year we sold \$1,600 million—we sent that amount of food-for-peace commodities overseas. There was an increase of 6 percent over the previous year. During the same time we sent \$5,600 million worth of agricultural products through commercial channels, a 12-percent jump over the previous year.

When you analyze this as I think it ought to be analyzed, I think, it can be well proven that this has substantially increased the markets for American agricultural products. We know that it has not in Pakistan and India, but those are areas that will be problems to us in terms of our international relations in foreign aid for many years, but the interesting part of that is that even the demands for food, although they are increasing in India, is being met also by increasing production of the very foodstuffs that we are sending to India. This seems to be important, that they are beginning to help themselves in these areas. They will not be self-sufficient in food for many years, but, nevertheless, this is a part of the problem.

We think that the use of some of these funds for market development has been very wise. And I think that all of us have been aware in most recent months that there was a problem that was given the popular name of “beef imports.”

I think that all of us heard about this one, but one of the interesting things was that the expenditure of Public Law 480 money in market development is now beginning to show some real results, especially in the Common Market and the Outer Seven. If we can use this kind of money to develop markets in cooperation with the American Meat Institute and other private agencies, then it seems to us to be a valid expenditure of taxpayer money.

In general, we would say that we need to move from a concept of using Public Law 480 as a means of disposing of surplus foods over into a means of disposing of food in commercial channels or assisting the disposition of food into commercial channels, but we do not think it will be possible to eliminate the need for moving surplus relief food into foreign countries for some time to come.

Generally, we would support what the previous witness has said, that when this gets into foreign aid that it probably ought to be

shifted into the State Department and the foreign aid bill, but this is not possible this year.

I would say also that I do not believe that the previous witness can prove that all of the increase in the surpluses has come from the administration of Public Law 480 program. I have noticed that his organization has testified about probably every farm program—whatever program was being considered—that it had been a major contribution to the increasing of surpluses.

Because of the time element that is involved this year, after having just briefly studied the House bill, we would be pleased to see the Senate adopt the House version and extend the program for 3 years and be prepared to review it as we think you should, but, also, be prepared to continue to support the program for a good many years to come.

(The prepared statement of Harry L. Graham follows:)

The National Grange, both as a farm organization and as individual citizens, has looked with favor upon the constructive results which have been attained under Public Law 480 since its beginning. We have been a staunch supporter of this program and its basic principles and activities, in our judgment, are of such a nature that it merits not only our continued support but our high praise.

Although there have been some problems that have arisen from the administration of this program, problems that are inevitable in a program so widely dispersed and in so many varying kinds of situations as this one, the substantial results which have been obtained in not only the first purpose of this law, which was to reduce the surpluses of American foodstuffs, but more importantly in the feeding of hungry people, the development of markets abroad, the renewing of life and hope for needy people, and finally giving to American people a means of expressing their continuing concern for the welfare of the less privileged people around the world.

Indeed, the church and public relief agencies through June 30, 1963, had distributed \$1,387 million worth of American foodstuffs free to needy people under title II. This has moved into famine areas, into perennial food deficit areas, into school lunch programs, war relief, disaster areas, and various other usages. The amount of the contributions indicates the widespread public support for this program.

Sometimes the return from this in terms of gratitude are real, substantial, and measurable. Sometimes, in the words of our late President, "a good conscience is our only sure reward." We had no other choice in many instances, even as today, but to share of our exceedingly great abundance with people who are in need. It is unconscionable and unthinkable for us to sit behind a mountain of surplus foodstuffs and refuse to share these with the needy peoples of the world. This is not only a proper application of our Christian conscience and social ethics, but in many ways, it was the most hardheaded and practical kind of politics.

The propaganda value to Communist countries of our refusal to give away our surplus to people in dire need would be incalculable. The National Grange has consistently supported this program and continues to do so.

However important the relief and surplus food disposal aspects of the program may be, we would point out that the fundamental purposes and value of Public Law 480 has been that it has opened the door for the introduction of American agricultural commodities in the countries to which we never would have gained entrance otherwise, and that it has served to develop and expand substantially our dollar markets abroad. The largest single item in Public Law 480 expenditures so far has been sales for soft currency which account for a cumulative total of \$3.7 billion worth of commodities. This had been helpful both to the United States in reducing the dollar overflow and to the receiving country as well.

The provisions of this bill have been helpful to a number of countries which have moved from being Public Law 480 recipients to becoming purchasers of American agricultural products through regular commercial channels. These countries include Spain, Italy, Japan, United Kingdom, France, Netherlands, Germany, Argentina, and Mexico. The total average imports of these countries

in the 1955-59 period was \$1,819.7 million, including substantial amounts for Public Law 480 sales. In 1962, these countries imported from America \$2,070 million worth of American agricultural commodities of which only \$45.6 million was for soft currency.

Japan remains the largest customer for American agricultural products. Her purchases from Australia and New Zealand enable these countries to also purchase American industrial products. In passing, it should be noted that Australia in 1962 purchased \$37.7 million worth of American agricultural products, up \$15.1 million from 1961.

An exciting new development has been the use of food as capital to pay for work on projects to improve the health, education, and welfare of needy people. The combination of food so used, plus free lunches to schoolchildren, has had a fantastic effect upon the development of educational opportunities in some needy countries, especially in Latin America. The use of counterpart funds for capital improvements, of surplus food for wages, and of other surplus food for feeding the hungry, such as in school lunch programs, presents an efficient use of surplus American food products.

The use of some of these funds which have been earmarked for market development as in the recent instance of developing market for beef, in the European Economic Community and the Outer Seven has been a striking example of the successful use of Government funds in co-operation with private initiative to develop markets for American products overseas. This is in keeping with the expressed will of the delegates to the National Grange session last November who urged that:

"Congress makes it clear that its intent is that this measure be administered for the maximum benefit of American agriculture and that the Secretary of Agriculture is to exercise the maximum determination both with respect to the making of commodities available and use of the proceeds generally. Such proceeds should not be used to develop foreign competition to the disadvantage of the American farmers, and any uses of such proceeds other than for the development of markets for American agricultural commodities should not be charged to agriculture."

Title III provisions should be continued for both foreign donations and barter. In our judgment, the barter provision has resulted in the stockpiling of strategic materials without the expenditure of U.S. gold reserves. We recommend the continuation of this program with an emphasis on market development. In order to encourage the development of foreign markets through private trade, it is the judgment of the National Grange that:

"The provisions of title IV of Public Law 480 should be administered in such a way as will facilitate and maximize the sale of surplus agricultural commodities for dollars through the longtime supply agreements and to this end existing regulations should be reexamined so as to eliminate unrealistic, impractical, and crippling obstacles which serve to frustrate the intent of this law."

In summary, the position of the Grange is that the relief features of Public Law 480 should be continued, that the soft currency sales should be continued with reservations as to the use of the proceeds so as not to develop competition to American agriculture, the barter and foreign donations provisions be continued and finally to give greater emphasis toward the long-term objectives of the development of markets overseas.

This means that some of the early emphasis on Public Law 480 as a means of simply getting rid of surplus American commodities should now be shifted to the long-term emphasis on dollar market development through the private trade. Even our relief and soft currency exports probably have greater public relations value if they were not clothed in the garments of surplus disposal.

The Grange at this time does not foresee in the near future the time coming when we should dispense with this program. We believe that it has been one of the most valuable aids to agriculture. It has also served as an important instrument to further foreign policy objectives. We also believe that these functions can be continued and the larger function of market development can be fulfilled at the same time to the benefit of the importing countries of the world and to the long-term advantage of American agriculture.

The National Grange therefore urges that Public Law 480 should be extended and that Congress recognizes the need for long-term planning in this field by enacting the legislation for a period of 5 years.

APPENDIX A

MARKET DEVELOPMENT

"We support the further extension of the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480) but urge that in doing so Congress make it clear that its intent is that this measure be administered for the maximum benefit of American agriculture and that the Secretary of Agriculture is to exercise maximum determination both with respect to the making of commodities available and use of the proceeds generated. Such proceeds should not be used to develop foreign competition to the disadvantage of the American farmer, and any uses of such proceeds other than for the development of markets for American agricultural commodities should not be charged to agriculture. The provisions of title IV of Public Law 480 should be administered in such a way as will facilitate and maximize the sale of surplus agricultural commodities for dollars through long-term supply agreements, and to this end existing regulations should be reexamined so as to eliminate unrealistic, impractical, and crippling obstacles which serve to frustrate the intent of this law" (from the report of the Committee on Agriculture, adopted by the National Grange, Nov. 19, 1963).

APPENDIX B

U.S. agricultural exports

[In millions of dollars]

Country	Average, 1955 to 1959	1962
Japan.....	385.4	481.4
United Kingdom.....	426.8	407.6
West Germany.....	321.9	391.1
Netherlands.....	255.5	365.8
Italy.....	145.3	175.7
Spain.....	118.7	¹ 98.7
Mexico.....	77.9	63.4
France.....	88.2	² 86.3
Total.....	1,819.7	2,070.0
Poland.....	41.0	³ 84.5

¹ Includes \$44,000,000 soft currency.² Includes \$1,200,000 for tobacco for soft currency.³ Includes \$51,000,000 for soft currency.

The CHAIRMAN. Are there any questions?

Thank you very much.

Senator JORDAN. I have just one comment in relation to what Senator Young said and what you said about the distribution of food through the church organizations. I thoroughly agree with that, and I have said that before. I know that to be a fact, because I have been in many places and have checked up on it. Some of them did put a sticker on the parcels, for instance, in Spanish or in Portuguese, or whatever the language was, as to where it came from. Some of them said that it came from the churches. That is not applicable to just one church but all of them taking credit for it. They ought to know where it comes from.

Senator YOUNG. I think this is very important. In every instance the source should be known.

Mr. GRAHAM. And the churches should be No. 1, too.

The CHAIRMAN. Thank you very much.

Mr. GRAHAM. Thank you.

The CHAIRMAN. Our next witness is Mr. E. C. Phillips of the American Merchant Marine Institute.

STATEMENT OF EDWARD C. PHILLIPS, AMERICAN MERCHANT MARINE INSTITUTE, AND JOHN N. THURMAN, VICE PRESIDENT AND WASHINGTON COUNSEL, PACIFIC AMERICAN STEAMSHIP ASSOCIATION

Mr. PHILLIPS. Mr. Chairman and members of the committee, my name is Edward C. Phillips and I am with the Washington office of the American Merchant Marine Institute. I would like to have my associate introduce himself.

Mr. THURMAN. My name is John N. Thurman and I am vice president and Washington counsel for the Pacific American Steamship Association, representing the west coast steamship industry in Washington.

Mr. PHILLIPS. Mr. Chairman and members, this bill in two areas vitally affects the entire steamship industry, and I hope that it will be possible for us to have 10 minutes to explain these two problems to the committee.

The CHAIRMAN. Please proceed.

Mr. PHILLIPS. This is a joint statement on behalf of the American Merchant Marine Institute, Pacific American Steamship Association, American Tramp Ship Owners Association, Committee on American Steamship Lines, Committee on American Tanker Owners, and the Labor-Management Maritime Committee. We represent virtually the entire U.S.-flag ocean steamship industry. The entire industry is vitally affected by and is strongly opposed to certain portions of this bill.

S. 2687, a bill to extend the life of the so-called Public Law 480 program, contains two provisions which are of direct concern to the American maritime industry. These are——

Senator YOUNG. You support this bill with the subsidy for your industry included in it?

Mr. PHILLIPS. For the shipment on U.S.-flag ships.

Senator YOUNG. You support the use of U.S.-flag vessels, where we pay you more than if we ship in foreign bottoms to carry the food.

Mr. PHILLIPS. We would hold to the requirements which are in the law.

Senator YOUNG. It amounts to a subsidy, does it not?

Mr. PHILLIPS. It helps the industry.

Mr. THURMAN. We do not look on it as a subsidy.

Senator JORDAN. What is it?

Mr. THURMAN. It is a payment so that we can have U.S.-flag vessels manned by U.S. citizens. It gives employment to our people, it gives employment in the shipyards and to the ship handlers. It is an overall help to the economy in the United States.

Senator JORDAN. It is a subsidy, in other words. I know what you are going to say.

Mr. PHILLIPS. The two amendments that we are concerned with are:

1. Amendment (2) of the bill which would amend section 102 of Public Law 480 to add a new section as follows:

The Commodity Credit Corporation shall finance freight charges under this section only to the extent that such charges are higher (than would otherwise be the case) by reason of a requirement that the commodities be transported in United States-flag vessels.

2. Amendment (6) which would add a new subsection (u) to section 104 of Public Law 480 dealing with the use of foreign currencies:

(u) For the sale for dollars to privately owned United States-flag commercial vessels for use in paying port fees, unloading, lightering, and other necessary expenses in foreign ports in connection with the carrying of a cargo under this Act and section 9 of the Act of September 6, 1938 (72 Stat. 1890).

We are opposed to the proposed amendments because we believe their ultimate effect would cause injury to the Public Law 480 programs, affect the volume of surplus grain and other surplus agricultural products which would be exported thereunder, increase the overall shipping cost to our Government and taxpayers, and prejudice American-flag shipping as compared to its foreign competitors.

The proposed amendment to section 102 of Public Law 480 would add a new section to this law which would prohibit the use of Commodity Credit Corporation funds for the payment of other than any ocean freight differential which may exist. This amendment would require the ocean steamship companies to look directly to foreign recipient nations for the payment of basic freight charges. It would significantly alter the historic arrangements applicable to U.S.-flag vessels carrying Public Law 480 cargoes and would in all probability create difficulties which would be detrimental to the title I program.

Since the inception of Public Law 480, the U.S. Department of Agriculture (CCC) has met its statutory obligations for the shipment of "at least 50 percent" of the cargoes involved in U.S.-flag vessels in the following manner: Freight costs for the portion shipped on U.S. vessels are paid to these vessel owners in dollars by CCC, with reimbursement to CCC from two sources, namely:

(a) Recipient country pays to CCC in its own currency the dollar equivalent up to the level of world market rates for the cargo carried in U.S.-flag vessels, and

(b) CCC appropriations cover the payment in dollars for the differential between U.S.-flag vessels and foreign-flag vessels.

Section (2) of S. 2687 would, henceforth, limit the Department's activity to that under (b) above. The ship operator would have to collect whatever hard currencies he could obtain from the recipient country's purchasing mission, up to the level of the existing world freight rate. CCC would continue to pay the U.S.-flag differential in dollars. The ship operator would receive his freight money from two sources under two separate sets of conditions, and possibly in two different currencies—a highly unworkable arrangement.

There is no more justification for the shipowner to be asked to accept foreign currencies for his services than there is to expect the U.S. farmer, grain merchant, trucker, railroad, warehouse operator, port authorities, or exporter to accept foreign currencies for their services. Each must pay his costs of labor and overhead in dollars.

Senator JOHNSTON. The Americans who work on these ships, do you know how much taxes they pay?

Mr. PHILLIPS. They pay the same as other citizens, Sir.

Senator JOHNSTON. When you give them employment you build up the economy from the taxes received back from them, is that not true?

Mr. PHILLIPS. That is true—that is correct.

Mr. THURMAN. That is correct.

Senator JOHNSTON. That is what I am driving at.

Mr. THURMAN. The shipyard workers, the people who supply the American vessels, they all help. If we did not have them—all of this money which does accrue to the United States would immediately dissipate.

Senator YOUNG. I think that it is necessary to maintain a merchant marine, but the subsidy involved should more rightly be charged to the Department of Commerce or some other department of Government, rather than to the Commodity Credit Corporation. Everyone looking at the agricultural budget thinks that the entire amount is a subsidy to agriculture. This is a good example. The farmer gets no benefit from the money paid to the shipping interests.

Mr. THURMAN. That is a point that has bothered us for a long time. We would like to work that out. It is not fair to the Agriculture Department.

Senator YOUNG. I appreciate your comment.

Senator JOHNSTON. It builds up the cost to our farmer. The whole program is hurting in that regard. There is no question about that.

Mr. PHILLIPS. We might point out that not all U.S.-flag ship operators would be affected in the same way by the enactment of amendment (2) of the bill, since the industry includes both liner operators and tramp ship operators.

For example, Public Law 480 cargoes carried in parcel lots by liner cargo vessels, other than infrequent movements of bulk grain, are carried at conference rates and there is no U.S.-flag differential involved. Thus, the liner operators might, by the enactment of amendment (2), be required to accept virtually all of their revenue from these shipments in foreign currencies (largely inconvertible). In addition to this financial burden, this could put them in conflict with conference tariffs which usually require repayment in dollars.

Tramp operators are prohibited by law from forming conferences, but over 90 percent of the cargoes carried by American-flag tramp vessels are Public Law 480 grain movements. If these operators were forced to accept a substantial portion of their freight charges for such cargoes in inconvertible foreign currencies, the tramp segment of our American merchant marine would be eliminated overnight.

All U.S.-vessel owners would face the prospect of negotiating with the purchasing missions of foreign governments as to the acceptance of currencies offered. Keep in mind that these are government-to-government contracts and the private shipowner does not have equivalent bargaining power and would be subject to many pressures when negotiating with a foreign government entity.

We suggested earlier, it seems to us there would be parallel disadvantages to USDA in this proposal. The obvious disadvantage is that the very countries with whom Public Law 480—title I transactions are being consummated, are those which cannot earn dollars and other hard currencies to buy our surpluses.

If the requirement prohibiting the Commodity Credit Corporation from paying the basic ocean freight should be written into the law it would create inflexibility which would frustrate those programs where a bona fide inability exists for a potential purchasing country to use hard currencies to pay for ocean transportation.

If they are required by law, under amendment (2) of S. 2687 to use their dollar currency for 100 percent of ocean freight up to world

market levels (when they already find it difficult in most cases to come up with enough hard currency to pay for the 50-percent portion on non-U.S.-flag vessels), they may be unable to buy the wheat or other farm products from us in the first place.

We turn now to the proposed amendment (6). The ordering and utilization of services required for the performance of ship delivery functions abroad is traditionally subject to the call of the shipowner, be he American or foreign.

It should be borne in mind that at those ports at which title I, 480 merchandise is being discharged there is often slow delivery, lack of berthing space, and lack of specialized equipment. The American ship, by this amendment, would be merely returning to the recipient country its own inconvertible local currency in payment for these services.

Foreign shipping in competition with ours would be procuring these services with hard currency. In those ports where the berthing services, for example, are run by a government entity, we fear there may be a natural inclination to show preference to shipping other than our own. Our ships may well end up being serviced last. Because of American standards, our vessels' daily costs are the world's highest.

Such delays as may accrue will ultimately have to be borne by adding to our freight rate, a situation which we do not look forward to with any enthusiasm. The final conclusion of this could be that the U.S. Government in the utilization of our own ships will find deliveries delayed and/or freight rates increased. In cases where cargoes are currently shipped free of discharge costs to the carrier, this amendment would encourage the recipient country to shift the burden of discharge costs onto the American operator.

An additional technical problem involved in this proposal deals with the fact that many Public Law 480 cargoes are moved as parcels aboard liner vessels in addition to those bulk commodities which move as full shiploads. It would not be unusual for a U.S.-flag liner delivering Public Law 480 cargo in a foreign port also to have aboard various other amounts of general commercial cargo for delivery at the same time. We do not see how it will be possible equitably to allocate port costs, assessable against the ship, between the two categories of cargo on board. Nevertheless, such an allocation would have to be made, with the greatest possible complications, since under the language of the bill use of the foreign currency funds is intended to cover port expenses in connection with the carrying of Public Law 480 cargoes.

For the foregoing reasons, we respectfully request that this committee delete amendments Nos. (2) and (6) from S. 2687.

The CHAIRMAN. Thank you.

Mr. PHILLIPS. I want to thank you, Mr. Chairman, for the opportunity of fully explaining these two matters to the committee.

The CHAIRMAN. Very well. Your statement will be considered.

Are there any questions?

Senator JORDAN. I just want to state to the gentlemen here that I did not have any objections to your being subsidized because you cannot run without it. Tobacco, wheat, corn, everything else has to be subsidized. There is no use trying to kid ourselves about that. It is a subsidy. Airplane lines are subsidized.

Mr. THURMAN. We have two segments in the merchant marine. None of the companies that I represent receive any differential payments. The only time that there is a cost differential is in the large bulk movements of grain.

Senator JORDAN. Such as in this particular case?

Mr. THURMAN. That is right. And these are the examples. The tramp ship operators are the only ones that receive anything that might be so considered. That is what I was thinking about.

Senator JORDAN. I know.

The CHAIRMAN. Thank you again very much.

Our next witness is the Very Reverend Joseph Gremillion, director of the Division of Social Economics, Catholic Relief Services of the National Catholic Welfare Conference.

We shall be glad to hear from you now.

**STATEMENT OF THE VERY REVEREND JOSEPH GREMILLION,
DIRECTOR, DIVISION OF SOCIAL ECONOMICS, CATHOLIC RELIEF
SERVICES, NATIONAL CATHOLIC WELFARE CONFERENCE, NEW
YORK, N.Y.**

Monsignor GREMILLION. Mr. Chairman and members of the committee, I am Monsignor Joseph Gremillion, director of the Division of Social Economics, Catholic Relief Services, National Catholic Welfare Conference.

It is a distinct privilege to me to be here today to present testimony bearing upon the revision and extension of Public Law 480 which has enabled Catholic Relief Services, NCWC, to distribute abroad as a gift of the people of the United States more than 5 million tons of foodstuffs from the warehouses of American abundance.

I am here in the name of Bishop Edward E. Swannstrom, our executive director, who regrets deeply his inability to be here to meet with you personally.

At this time, Catholic Relief Services, NCWC, is operating programs of relief and assistance in 70 countries and reaching approximately 40 million needy persons—7½ million children in school, feeding 17 million persons in family feeding distributions of U.S. surplus foods and some 15½ million through clothing distributions, through medical programs and through self-help projects to improve health, sanitation, housing, and so forth.

This is our own U.S. agency paid staff. In addition our oversea collaborating agencies maintain paid staffs of several thousand persons, about 3,500 and receive voluntary services of more than 50,000 additional nationals in the countries in which we operate.

In this work there are used annually more than a million tons of relief and assistance materials—food, clothing, medicines, tools, and equipment, and all the many other things necessary to successful ministry to the needy.

To properly carry out this work, Catholic Relief Services, NCWC, maintains a staff of 691 persons, 165 in the United States and 526 abroad.

All of this is made possible by the annual contribution by American Catholics of millions of dollars and million of pounds of contributed

goods for relief service among the hungry, disease-ridden and poverty-stricken overseas.

The single purpose of American Catholics in making these contributions and the single purpose of Catholic Relief Services, NCWC, in carrying on these programs is the relief of need among the suffering, the underfed and the underprivileged, regardless of race, color, or creed.

This is our responsibility as Christians. It is equally our responsibility as Americans, because need is the common enemy of everything Americans have achieved or hope to achieve. It is the enemy of democracy. It is the enemy of peace. It is the enemy of health and hope and opportunity.

I would like again, as I have before, to express our deep and abiding gratitude and commendation to the Congress for its statesmanship, wisdom and generosity in the creation and continuing expansion of Public Law 480.

Under it, in our sharing of our food abundance with many millions in more than 100 countries abroad, there is being built a monument to the love of men for all mankind that is without equal in history.

In this regard, it is unfortunate that nowhere in Public Law 480 is there evidence that much of what is being done under its provisions—particularly in titles II and III—is being done just because it is right—because it is American—this sharing of our abundance with the less fortunate in an effort to improve their lot in life.

If this is the purpose of many more than a hundred million of our citizens in supporting voluntary agencies in work under Public Law 480—and it is—then it is large in the motivation that continues them in their tax support of its governmental operation.

I would suggest that the Congress might well spell out, in the preamble to Public Law 480, this so important facet of its endeavor to make maximum efficient use of our food resources.

It would be a simple thing to add such words as “and to assist the needy abroad” in the first sentence of section 2, as a stated purpose of the act.

This would not only be highly gratifying to millions of Americans, but it would give official evidence to millions abroad of America's concern for her fellow men and of her pride in having such concern.

Through our food program abroad—made possible only because of Public Law 480—Catholic Relief Services, NCWC, annually distributes approximately 1½ billion pounds of American food for peace commodities.

In doing so, we believe that we carry out the highest ideals of our own organization and that we serve in great measure the overall interests of the American people. We are extremely proud that in this use we not only carry out our religious responsibility, but that, in perfect compatibility, we also serve our country.

We urge adoption of the 5-year extension of Public Law 840 asked by the Secretary of Agriculture and proposed in S. 2687 by Senator Ellender.

Also, we urge the increase of resources under title II from \$300 million to \$450 million yearly, as asked by the Secretary and as provided for in Senator Ellender's bill.

Through the decade since Public Law 480 came into being, there has arisen necessity for new types of service. Progressively, also, there have emerged new opportunities to make more effective use of our American abundance in the interest of peace and democracy.

All concerned, departments of Government and voluntary agencies, are making an effort to meet these new and growing requirements.

These extensions of service require extension of resources. Also, because they require longer range planning and application than the simple food distributions of our early Public Law 480 experience, longer term legislation will assure better programing and more effective operation.

We urge favorable consideration of the provisions in S. 2687 that would apply general average insurance financing to section III as well as to section II shipments of donated commodities.

We strongly endorse S. 2925 introduced by Senator McGovern that would amend section 203 to utilize excess foreign currencies accrued to the U.S. account to assure more effective use of our donated foods and to promote community and other self-help activities designed to alleviate the causes of need, building at the grassroots, elements of physical health, basic knowledge and simple skills that lead to the incentive and productiveness necessary to community level, village and slum level economic development without which national economic and market development cannot possibly succeed.

Because the underfed, the unhealthy, and the ignorant and unskilled can neither work well nor buy much, the definite relationship between food donation programs, community development, and economic and market development has long been obvious.

It has been clearly demonstrated by—

(a) School lunch programs that have brought more children into the classroom, kept them more alert and responsive to instruction, and increased their potential as productive adults:

(b) Food-for-work programs of community development that have created facilities for better agriculture and marketing, better housing and health, and better utilization of natural resources.

Experience, particularly of the Peace Corps, in these and other community operations, and of the various international organizations and of our own governmental community development efforts argues for greater use of Public Law 480 resources in this area, especially as regards school lunch and food-for-work extensions and in basic nutrition, housing, health and sanitation, in literacy, rural development and simple vocational training.

With this amendment providing the necessary tools and services, we, the people of the United States in partnership with the people of other recipient countries, can really begin, through building dividend-paying work capacity, to realize some objectives of the great investment in human beings made through the donation aspects of Public Law 480.

As such programs are instituted, contributions to their support should be permitted from recipient individuals as they are able to do so. It is important that people help themselves as much as they can so they may feel themselves truly partners in the overall effort to improve their situations, and if the dignity of at least partial self-sufficiency is to replace the indignity of indigence.

Projects made possible by this great step forward, demonstrating at the individual level that there really is a basic for hope and a reward for incentive and application, can encourage and stimulate much similar action by the governments of the recipient peoples, who very well might be successfully persuaded to take increasing shares in the costs of such programs, particularly from their own resources generated by Public Law 480 foods.

Participation by Catholic Relief Service, NCWC, in programs under the proposed amendment will require outlay of funds by our agency beyond our current budgets.

Year by year, however, as new opportunities for service have arisen, our people have generously and increasingly supported our work by their contributions. We are confident that they will continue to do so.

An allwise providence, working through the efficiency of American agriculture, has created a great and continuing American abundance of food, the element most essential to success in mankind's struggle against need. Our duty, therefore, all of us working together, is to make the widest and best use of this resource.

It is to this end, looking ahead to the inevitably increasing scope of the needs of the people we serve and in what we believe is the best interest of our country as it strives to help the emerging nations toward economic and political security, that we appear here today.

In closing, let me express my heartfelt thanks to all of the Congress and to the many thousands involved in Government voluntary agencies and among our friends abroad who, through Public Law 480, are working together to make the world a better place in which to live.

I thank you.

Monsignor GREMILLION. Thank you, Mr. Chairman. Thank you, members of the committee.

The CHAIRMAN. Any questions?

If not, we thank you very much, Father.

Dr. McLain?

Is Dr. McLain here?

Is Mr. Danielian here?

Mr. Tom Hall Miller?

Is Mr. Devine present?

Is Mr. Bernard A. Confer present?

I am sorry they are not here. Permission is hereby granted for all of them to file their statements within 24 hours.

Mr. ROBERT E. VAN DEUSEN. Mr. Chairman, Mr. Confer is on his way here, and I understood he could testify this afternoon. If there is to be no afternoon session, may I present an oral statement on his behalf, with a written statement to follow?

The CHAIRMAN. Yes, you may.

All of you are permitted to file statements.

STATEMENT OF REV. ROBERT E. VAN DEUSEN, WASHINGTON SECRETARY OF THE DIVISION OF PUBLIC RELATIONS, NATIONAL LUTHERAN COUNCIL

Mr. VAN DEUSEN. My name is Robert E. Van Deusen. I am the Washington secretary of the Division of Public Relations of the National Lutheran Council, with which Lutheran World Relief is associated.

I know Mr. Confer will be sorry that he wasn't here in person, because it was his understanding that there was to be an afternoon session. He counted on that.

Lutheran World Relief is the material aid agency of the National Lutheran Council, and the Lutheran Church—Missouri Synod. The National Lutheran Council is a joint agency of the Lutheran Church in America and the American Lutheran Church, which together have about 5½ million members. The Lutheran Church—Missouri Synod has about 2½ million members.

Lutheran World Relief is one of the main private food distribution agencies, along with Catholic Relief Services, Church World Service, and CARE. It was mentioned by Secretary of Agriculture Freeman as one of those which carry the heaviest loads in distributing Government-owned food.

Senator YOUNG. In how many countries of the world does your church distribute food?

Mr. VAN DEUSEN. I think it must be around 50, maybe not all of them at present, but during the 20-year period. We have distributed during the past 20 years over \$150 million worth of food, clothing, and medicine, about half of which has been Government-donated surplus food.

The CHAIRMAN. Was the other half contributed by your membership?

Mr. VAN DEUSEN. The other half was contributed by our members in money, clothing, medicine, and so on.

Our agency, as one of the cooperating agencies, is very much in favor of the principles of Public Law 480, and we heartily favor its renewal.

There are certain serious misgivings that we would like to voice briefly—in regard to the large-scale use of church-related agencies as channels of distribution for Government-owned food.

This was expressed in detail by the executive director of the National Lutheran Council, Dr. Paul C. Embie, at the public hearings held by the House subcommittee. This will be included in Mr. Confer's testimony, which will be submitted in writing. But I would like to summarize our position.

Whereas at the outset the cooperative relationship between the church agencies and Government was justified on the basis of emergency need and human hunger, it has now become a long-range ongoing program. On that basis, we think the nature of such cooperation ought to be reviewed and looked at rather closely.

On a permanent basis, we feel it would be unfortunate for church agencies to become, either actually or in the eyes of the recipients, agents of the U.S. Government in carrying out U.S. foreign policy. We feel that the church is by nature an international and supranational agency which has its own functions. Church people, as a group of citizens, cooperate with other Americans in carrying out national policy. But the church itself should not be the agent of national policy.

The large amounts of U.S. food which have been shipped by church-related agencies have in some cases overshadowed the size of the ongoing program of the same agencies which are supported by church contributions. When this happens, we feel that the voluntary nature of the agency diminishes to the extent to which Government-supported food provides a large proportion of its budget.

In some cases, over 80 percent of the commodities shipped by church agencies is provided by the Government. We think this is unfortunate. We have tried to keep our participation down to 50 percent. When it goes beyond that, we believe we are on dangerous ground.

We feel, too, that large-scale subsidy by the U.S. Government is a temptation to any voluntary agency to expand its program beyond that which is feasible on the basis of its own ongoing program. Any sudden change in policy on the part of the U.S. Government, any sudden withdrawal or diminishing of Government support, would create a serious organizational crisis, sometimes even to the extent of questioning whether this agency could continue any longer with the Government's support.

We think that would be an unfortunate outcome of this trend.

We feel that it would be better if, over a period of a few years, a shift would be made from the use of private agencies, particularly church-related agencies, to the use of Government agencies in a government-to-government program. We believe that the church agencies should have parallel programs as large as their own contributions merit, and that they should take a very close look at some of the possible outcomes of becoming increasingly arms of U.S. Government policy.

That, in brief, is the basis of our concern.

Senator JOHNSTON. Do the people that you donate to overseas know where it is coming from?

Mr. VAN DEUSEN. It is always labeled, bag by bag.

Senator JOHNSTON. What is the marking of the label?

Mr. VAN DEUSEN. Something like "Donated by the people of the United States"—there is some kind of label that indicates it is from the American people. It avoids the implication that it is the church that is giving it.

Specifically, we do have concern about the amendment that was proposed by Mr. McGovern, which would increase the involvement of the private agencies by giving them foreign currencies for oversea distribution costs. As of now, oversea ocean freight is reimbursed. When the food gets there, the agency bears the cost of distribution in the various countries. We think this is wholesome. We think that this keeps the voluntary nature of the agencies intact. We would hesitate very much to see large-scale increases in our own involvement, especially in terms of money rather than bags of food.

You can audit bags of food, but it is hard to find out where the money goes, once it gets out of the hands of the U.S. Government and into the hands of a private agency.

Senator JOHNSTON. Well, it works in another way, too. People of the United States give the various things. It makes them feel the effects, too, back home. I think that has a good effect.

Mr. VAN DEUSEN. There have been some instances where, because of the large nature of the program, and the somewhat inadequate staffing by the private agency, large amounts of food have gotten into black market channels—not voluntarily, but because of inadequate control of what happens in the other countries.

You know of a number of instances where this has happened, including South Vietnam.

The CHAIRMAN. To what extent do you operate in respect to the distribution of food that you, yourself, that is, your church furnishes, in contrast to that furnished by the Federal Government?

Mr. VAN DEUSEN. Almost all of the food that we distribute is U.S. Government food. The other items that are distributed under our own aegis are mainly clothing and medicine, which are in large amounts.

The CHAIRMAN. Do you know whether or not other agencies, such as—I mean other denominations other than yours, have followed the same method? Don't they distribute all of the food, the same as you do, that is furnished by the Federal Government?

Mr. VAN DEUSEN. Yes. CARE and Church World Service and Catholic Relief Services are the main ones.

The CHAIRMAN. What is your objection if all of them do as you do? You don't furnish food at all. All that we distribute is food. Would you want them to contribute to the furnishing of clothing and things like that, as you do, in order to make them——

Mr. VAN DEUSEN. They do. The other agencies are not purely food agencies. They are relief agencies. That is my understanding—wide-scale relief agencies. Catholic Relief Services, for instance, has many programs outside of the food program.

But increasingly the food program has overshadowed the balance of the program in that agency and in other agencies. We feel in general that this is an unfortunate trend in the relation between church agencies and the Government.

Senator JOHNSTON. A good many of the churches of various denominations have someone in the various churches to collect things, too.

Mr. VAN DEUSEN. Yes. In the case of Church World Service, many of the Protestant denominations channel through Church World Service. It just happens that in the case of the Lutherans, since not all of the Lutheran bodies are in the National Council of Churches, we have our own separate relief program. This came about partly, because there was such a large amount of relief needed in Lutheran countries after the war, such as Germany and the Scandinavian countries.

The CHAIRMAN. Off the record.

(Discussion off the record.)

The CHAIRMAN. The committee will stand in recess until 2:30 this afternoon.

(Whereupon, at 11:25 a.m., the committee recessed, to reconvene at 2:30 p.m., the same day.)

AFTERNOON SESSION

(The committee reconvened in room S-126 at 2:30 o'clock p.m.)

Senator MCGOVERN (presiding). The committee will resume hearings on the extension of Public Law 480, and the first witness is Mr. Fred W. Devine, deputy executive director of CARE.

Mr. Devine, we will hear your statement now.

**STATEMENT OF FRED W. DEVINE, DEPUTY EXECUTIVE DIRECTOR,
CARE, NEW YORK, N.Y.**

Mr. DEVINE. Mr. Chairman and gentlemen of the committee, my name is Fred W. Devine, deputy executive director of CARE, representing on this occasion Frank L. Goffio, executive director, and the CARE board composed of representatives from 26 national member agencies of CARE.

CARE's experience in the oversea distribution of U.S. Government-owned foodstocks dates back to 1950. In that year, following congressional provisions made late in 1949, CARE first evolved its food crusade programs.

The food crusade, which continues in operation in various poverty-stricken areas of the world today, is supported by literally millions of American voluntary donors whose contributions pay the costs of packing, processing, distributing, administering the use of Government-donated commodities, and occasionally purchasing additional commodities to fit local diet habits and needs. This is almost a basic necessity.

With the passage of Public Law 480 in 1954 a significant additional support for such programs came with the provision of ocean freight reimbursement by the U.S. Government. Since then CARE has participated heavily in the development of major institutional and school feeding programs. These represent a second dimension of use of Public Law 480 commodities, known as CARE partnership programs, wherein host governments capable of doing so share in the local costs of administration and distribution and thus adopt an increasing load of responsibilities for the welfare of their own institutions. We believe this represents a significant step forward in the self-help process which uses American farm abundance for the creative development of local institutions in developing countries.

And here, particularly, we would like to make a note of those countries no longer receiving Public Law 480 commodities who are able to continue their school lunch feeding program, purchasing commodities from the United States and the commercial market. This is a direct result of the programs made available to these countries through voluntary agencies using Public Law 480.

By July 1963 CARE had been the medium for distributing over 3 billion pounds of U.S. Government-owned commodities to 55 countries in very serious need of nutritional support.

In fiscal year 1963 some 860 million pounds of these commodities under the provisions of title III of Public Law 480 and nearly 90 million pounds under title II reached about 27,500,000 hungry people in 36 developing countries through the mechanism of CARE.

Included among those recipients were more than 19 million school-children, many of whom were able to enter or remain in school primarily because of this resource from the United States.

CARE's current fiscal 1964 food program, the largest in its history, plans for a distribution of more than 1 billion pounds of commodities to an estimated 35 million recipients in 38 countries around the world. Schoolchildren now 25,565,059 and preschool 1,326,105. This increase mainly in India and Latin America.

The CARE organization is honored to have been a part of this remarkably creative process, and it deeply appreciates the thoughtful cooperation of the several agencies of the U.S. Government in the assessment of such programs, the provision of ocean freight reimbursement, and the provision of the commodities themselves from the abundance of America. We believe that this law that has made such programs possible has been, and hopefully will continue to be, a keystone in the decade of development and a foundation stone of international good will.

It should be clearly understood, however, that CARE does not regard its role in the development process as completed with participation in Public Law 480 programs alone. It feels a responsibility for adding to that great resource other facilities and equipment, paid for by American donors, through its self help and Medico programs. And Medico is an independent agency merged with CARE some years ago. This is the organization founded by Dr. Peter Commonduras and Dr. Tom Dooley.

Much of this assistance is designed to support, directly or indirectly, those communities and institutions that benefit from American farm productivity. This may take the form of providing food preparation and preservation equipment, the building of school kitchens, the provision of equipment to improve local water supplies and to safeguard public health, the development of projects and the supplying of tools for increasing local food production through school gardens and cooperative activity and for vocational training to broaden the base of local economic activity. These and other additional efforts and supplies are financed entirely by private voluntary contributions, with the exception of ocean freight reimbursement.

The main bulk of this work has been made possible by carefully planned use of commodities made available under title III. However, title II, section 202, which permits voluntary agencies to use commodities as payment of local labor wages on certain publicly useful and needed projects for the general welfare, has in our view greatly expanded and deepened the potential of Public Law 400. Since 1962 CARE has undertaken or is currently engaged in eight title II programs in Ecuador, Costa Rica, Iran, Hong Kong, Korea, and the Philippines. One of the two Iran programs, for example, involves the construction of what will become a 1,200-kilometer road that will link together one of the most neglected and poorest sections of the Middle East (The southern ports and isles area) and give it access for the first time in history to major markets and industrial sectors.

The other title II CARE Iran program is being applied to relief work projects in drought-stricken areas throughout the country, and is creating new roads, canals, schools, water supplies, etc. Such projects involve also a substantial investment by the host country in major equipment and administration. The partnership principle in such cases is clearly at work in significant ways.

The same principle is at work in those areas where CARE administers locally rural and urban community development projects for the U.S. Peace Corps, or otherwise supports the work of Peace Corps volunteers. The new CARE-Peace Corps project in Guatemala, for example, is directly engaged in construction and other activities to

improve the facilities of rural schools where CARE Public Law 480 distributions provide a base for development. The participation of Peace Corps volunteers in food-based school improvement programs is one more significant illustration of the productive interrelationships that can and do multiply the effect of Public Law 480.

Indeed, many dimensions of the whole development job which CARE and other agencies are endeavoring to undertake on the foundation provided by Public Law 480 are still to be more fully explored. In the years ahead efforts must be made to develop additional instruments for enriching rural life in underdeveloped areas on which world food adequacy depends. In addition to further extension of title II projects and of interrelationships between local-level technical assistance such as the Peace Corps and the operation of food programs, CARE has a particular interest in deepening the character of overseas programs related to the Public Law 480 base in the following directions:

1. Diet and health improvement through such instrumentalities as the Medico branch of CARE, whose team operations are centered in hospitals, and through the additional programing of supplies for improving local health facilities. We should like to look forward to the day when local currencies earned from the sale of title I commodities can also be used in making professional medical and health services and equipment more available to schools and institutions using Public Law 480 commodities through voluntary agencies.

2. Education services ranging from simple equipment and classroom supplies to more sophisticated services and vocational training equipment. As the development of major school feeding programs proceeds, the upgrading of the local school as the principal institution for development could be aided significantly if local currencies accrued from the sale of Public Law 480 commodities could be applied through the voluntary agency to extending such service and equipment.

3. Food program technology calling for the design and adaptation of simple but efficient devices for school and institutional food preparation, storage, and serving; preservation and canning of local food production; and the continued introduction of better tools, seeds, and small livestock for the small landholders. We regard such activities as an integral part of the larger pattern based upon Public Law 480 programs. CARE has encouraged and worked with several scientific and industry groups on special technological phases of these activities, and we should like to hope that Public Law 480, through the extension of the use of earned local currencies, could support such related activities of the nongovernmental agency at work in the field.

Two other suggestions to the committee occur to us which are based on practical experience in the operation of both title II and title III programs.

In regard to title II and its dramatic stimulus to the development process in numerous areas, we suggest that the use of title II provisions could gain increased flexibility and applicability if the law could provide for the payment of local labor not only in food commodities but, under carefully controlled and modest circumstances, in money also where the laborer lives in an urban money economy. In regard to title III, significant and desperately needed feeding program are

sometimes limited by the capacity and ability of the host government or the administering agency to provide the necessary local financial support.

In this connection, I would refer to the problems of all agencies in the African area.

When such support is clearly not possible through the host government, we suggest that loan agreements under title I be extended to the host government if such feeding programs are vital to the stability and growth of that country.

We are now faced with a serious milk shortage. May I read CARE's position paper presented to Mr. Richard W. Reuter, Food for Peace Director, on June 24.

CARE (Cooperatives for American Relief Everywhere, Inc.) as an American organization has been cooperating with USDA and AID since 1950 in the utilization of Public Law 480 foods made available to us under title III of that act.

This cooperation has led to programs in 33 countries with recipients in schools of 25,565,059 and preschool of 1,326,105. Total recipient level is at 34,545,384.

At the quarterly Washington food availability meeting on April 3, we were advised of a "tight situation" regarding the availability of dry skim milk powder. Subsequently, and at a meeting hastily called at the request of the Food for Peace Office and AID officials, we were deeply shocked to learn on June 5 of the imminent possibility of a serious shortage of milk powder.

Since the milk shortage of 1959, when we were faced with serious program cutback in our programs overseas, we have been attempting to strengthen the confidence of the recipient governments, and to assure them that this kind of shortage would not occur again. This decision being based primarily upon the establishment of the Food for Peace Office as an expression of the President's concern for Public Law 480 title III programing.

Over the past years, and in cooperation with the USDA and the State Department agencies, CARE has developed food distribution programs that assure proper administration as well as orderly commodity supply. Without this kind of commodity supply as was practically assured following the 1959 milk crisis, when it was deemed wise to purchase milk to meet the need, we would be unable to meet program needs.

Time and time again we have heard in the course of U.S. official briefings, and as a result of official U.S. oversea representation, that the voluntary agencies' programs are complementary to official U.S. aid programs. We are seriously concerned, over and above the humanitarian aspect of this program, that we run a serious risk of damaging the U.S. image overseas. Our stature is high because of the voluntary agency-U.S. Government partnership programs constructed under title II and title III of Public Law 480.

Needless to say the increased worldwide scope of CARE's programing, as well as other voluntary agencies, is contributing significantly to the development of new markets overseas for U.S. agricultural commodities.

And in this instance I would like to refer to the Japanese school-lunch program which was started as a Government-to-Government program under title II. The Japanese took that program over some years back and I understand are continuing to buy skim milk powder from the United States on the commercial market.

President Johnson has only recently reiterated U.S. policy with regard to our Government's concern for peoples overseas when he said "the war on poverty does not end in the United States."

"We believe the Food for Peace Office was established as a vehicle to provide the means of intelligently programing food commodities, and once and for all eliminated the possibility at home and abroad that Public Law 480 was considered a disposal vehicle for surplus commodities. If we are to return to a program of disposing commodities because we have them, but not to provide them because they are needed, then it appears we are defeating the purpose of food for peace, and taking a backward step toward the negatives of "disposal" and all it implies. We firmly believe these programs to be in the national interest, and that the Food for Peace Office of the President should take immediate

remedial action to avert the reported imminent shortage of this basically essential nutritive commodity. Such action may take one, or a combination, of the following forms:

(1) Because powdered milk has come to be an irreplaceable item in feeding programs, the U.S. Department of Agriculture should acquire, by whatever means necessary, sufficient milk to insure the fulfillment of AID-approved fiscal year 1965 voluntary agency commitments overseas.

(2) As a much less desirable alternative, FAS-USDA should be authorized to acquire a protein-equivalent commodity—for example, soya flour—to replace the forecast shortage and/or extend the available milk supplies.

We at CARE are convinced that Public Law 480 programs—aside from their humanitarian nature—are in the national interest, and likewise lie within the avowed foreign policy of the United States; it may well be that the problem of continued and adequate milk availability, if a solution is not found elsewhere, should be presented to the National Security Council for its appraisal and recommendations.

This is the statement we presented to Mr. Reuther's office. Unfortunately, the milk shortage crisis still continues. It appears that about 50 percent of the commodity needed by all voluntary agencies will be made available. I would not like to close this testimony without saying that we at CARE particularly want to make mention of the fact that U.S. farmers in making these commodities available have at most time not received the kind of support from the people of the United States that they should have. All too often we hear of the problem of price supports, of surplus, et cetera. This, if course, tends to be in a very critical tone. Quite frankly, we do not feel that we have a surplus.

A recent FAO statistic indicates that more than 10,000 people die of starvation a day, worldwide, particularly women and children, and this is a minimum and not a maximum figure.

We at CARE feel that the American farmer is producing a commodity that may and is ultimately more worthwhile than industry's production of tanks, bombs, et cetera, that are used in our defense program.

In closing, we hope this testimony of the CARE organization may be useful, valid, and a further evidence of the outreach and high intent of the family of voluntary agencies participating with their Government in the kind of development that adds to the peace and security of our world.

Senator MCGOVERN. Thank you for your statement, Mr. Devine.

I just want to say, speaking as one member of the committee, that I do not know of any agency that is doing any more to advance the interests of humanity than CARE. The other voluntary agencies that are participating in this program are also making a great contribution to the building of a better world.

I had the opportunity in 1962 to take a trip around the world, or at least a good share of it, and I saw, over a period of about 6 weeks, the operations of CARE in India and in Egypt, Hong Kong, and other places and was tremendously impressed with the skill with which those programs were carried out and the results they were securing in countries that we are trying to help, and also, the results they secured in forwarding the interests of the United States.

I believe in the foreign aid program. And one of the reasons I believe in it is because it has been so effectively buttressed by our private voluntary agencies. There are one or two questions that I want to raise with you.

First of all, with regard to the milk shortage which you referred to, it is my memory that in 1959, when a similar shortage was announced, that this set off a very severe repercussion all over the world where we were carrying on our school feeding program. Is there any reason to think that we can avoid such repercussions today if a similar shortage does become a reality, so far as our programs are concerned?

Mr. DEVINE. I would say that if the figures we now have are actual that may present some very serious repercussions. We are attempting as a voluntary agency as much as possible to hold the line and to work with our cooperating recipient governments so that this becomes less of a problem, but I am afraid that when the cutbacks are actual and this will, probably, be within the next 3 to 4 months, I think that there is going to be some very, very serious situations developing.

In this instance I would like to make reference to a situation in Ceylon over a year ago. As you know, the official program, AID, was curtailed in that country because of the confiscation of American properties by that Government. CARE has a very extensive school lunch program in Ceylon. At the request of the American Ambassador—particularly to Washington—we have been allowed to continue that program and this is not a matter of hearsay, it is a matter of record at the State Department that the American Ambassador felt that if the school lunch program was stopped the repercussions would be tremendous and might very well cause a break in diplomatic relations.

We have heard officially from other U.S. representatives abroad that you might conceivably reduce your AID program but to reduce your school lunch feeding program, I think you have to remember enters into every home, of every child who goes to school, and is being fed through these programs. You curtail that program and you might very well damage the U.S. stature abroad.

So it is something seriously to think about.

Senator MCGOVERN. I have often wondered if at sometime the committee ought to consider the possibility, or the Department ought to consider the possibility, of building up some kind of a reserve on nonfat milk so that these recurring shortages can be prevented. Is it not difficult to plan any kind of a successful school feeding program in any country unless you have some assurance that the supply will be reasonably continuous?

Mr. DEVINE. It is very, very difficult. It is a very precarious situation to be in. I would say that in relationship to skim-milk powder it is one commodity that is the river of nutrition that sweeps along with the wheat, the corn, the vegetables, the shortening oils that we make available. Without milk as a basic part of the program, particularly in the schools and in institutional feeding, I do not believe we could make available to the media abroad with any degree of success the large quantities of wheat, corn, and oils that we presently make available. And of course, to come up with what is, basically, a fact of life; that is, the providing of the nutritional requirement which, of course, is an animal protein in most of these protein deficient areas.

Senator MCGOVERN. Is it your understanding that the impending shortage of milk powder is the result of administrative rulings by the Department of Agriculture, or is there, in fact, a shortage of

nonfat dry milk in the country? In other words, is there anything that the Secretary of Agriculture can do administratively to secure additional supplies of milk, or are we faced with a situation where we do not have the milk in the country for this purpose?

Mr. DEVINE. Our best information indicates that milk production in the United States this year is about a little less by 2 percent than what it was last year, so that there really is not a problem of a shortage of milk as such, but there have been some serious droughts in Europe, particularly, and unfortunately, some of this milk powder, under the PIA, the payment in kind program has gone abroad because of this to feed animals, to keep them going in Europe. We maintain that this is an administrative situation; that by the establishment of set-asides at the beginning of each fiscal year, and I think in this context you must remember that all voluntary agencies submit their requests for fiscal year requirements before March 15 for the succeeding fiscal year, and there is ample time for the set-asides, and that the importance of this program with the availability of milk being what it is, would, to me, seem necessary for the Secretary of Agriculture to do just that, to set aside milk powder to meet the requirements of these programs. We do not feel, very frankly, that it is a problem of a shortage of milk. Incidentally, we do not feel that it is, as it was in 1959, when we did have a drought. Our production is high now. I think the payment-in-kind programs—and at this point I do not want to argue sales, because the payment-in-kind program is a sales program—but what I would indicate is that a food commodity such as milk should be used to feed people and I do not think that sales for other uses is realistic—I do not think it is morally a responsible thing to do. And I would certainly recommend that in this connection set-asides be a part of the structure of Public Law 480.

Senator MCGOVERN. Senator Cooper, are there any questions?

Senator COOPER. I would like to ask Mr. Devine a question. Do you have any estimate of the amount of powdered milk that would be needed?

Mr. DEVINE. The total requirements for Public Law 480, title II and title III programs for this fiscal year would probably run in the area of about 850 million pounds. At the moment it seems as if less than 400 million pounds of powder would be made available under Public Law 480, titles II and III.

Senator COOPER. What has been the average volume used by CARE and voluntary agencies?

Mr. DEVINE. Last year it was in the vicinity of about 650 million pounds. This, I think, is important to note. The reason for the increase has been additional country programs. At the moment, we are at the threshold of a school lunch feeding program in India, that is, CARE, that would be for the first time in the history of relationships with oversea governments, so far as our voluntary agency is concerned, even included in the Indian Government's 5-year plan and would attempt initially to feed 22 million children a day in school. At the moment we are feeding 7,500,000 children a day in India. And at the end of the 5-year period to provide enough commodities for what is anticipated school population at that time of some 53 million children a day in India. So there is a great potential for this kind of program. It is a program that we are interested in, in working out

with recipient governments so that we can get to the point of what is now the Japanese situation, in other words, the recipient government takes the program over, CARE leaves, and they then buy the commodity, either on the commercial market or through title I. It is not a program that we are interested in doing forever. This is the success of a title III school lunch program.

Senator COOPER. I noticed that you say in your statement, and I quote:

We are seriously concerned over and above the humanitarian aspects of this program that we run a serious risk of damaging the U.S. image overseas.

What do you mean by that?

Mr. DEVINE. Well, I would say that the reason for that statement is that if you do not have adequate milk supplies to feed the children in school, and you cut back, say, from 1,500,000 children to what may be 750,000 children, then this cutback is not going to be because of the recipient government's inability to cooperate in this program—it will be because the United States is no longer willing to provide that commodity. This kind of problem will be manifested, I would say, in most countries throughout the Middle East and the Near East and southeast Asia, particularly, and to some extent in Latin America, although in the Latin American area we have been told by AID and USDA that this being of a high priority, they probably will receive as much commodity as we need for this area, but I would say in the other areas by cutting back on the number of children, because we do have in many areas women with children who are too young to go to school, standing outside of the gates of the school during the feeding program, hoping to get what is left over after the children are finished in schools. It gets that close to the situation. There are posters in the school indicating that this food is a gift from the people of the United States. There are statements in the press that the U.S. Government and the U.S. people are proud of their cooperation in making this program available for the betterment of education and health facilities of the country.

So all of this tends, when it is reduced, to be a serious problem. And I think can adversely affect and probably will affect the U.S. image abroad.

Senator COOPER. That is why I support this program. The problem probably could not be avoided if the people expect that the program will be continued in the same scope.

Is there anyone who is guaranteeing these people each year that a certain kind of program will be continued? Is this being done? I can understand that once a program is started that they think that it will be continued. But this statement seems to imply—maybe I am wrong—that there has been some kind of a commitment that it will be continued and that a failure to honor the commitment would be serious. I do not believe that is correct.

Mr. DEVINE. I would say there is certainly not a guarantee made. We certainly make it very well known to the recipient government personnel, and also to cooperating agency personnel that this is a program because of this law. That it is on a year-to-year basis. But I think that we must keep in mind that Public Law 480 is now

in its 10th year and we have continued these programs in many countries for just that long. In other countries we have been able to phase out the program. But I am sure that you understand that people who have been receiving this help from this program for 10 years tend to expect that it will continue so long as the need exists but there certainly is no guarantee in that respect.

Senator COOPER. I have no doubt that they expect it and want it.

We also would like to see it continue, I question the idea that in some way we should make some form of guarantee or commitment. That is all I have to say.

Senator MCGOVERN. Mr. Devine, I have just one more question. There is a provision in the bill as reported out of the House Committee on Agriculture that permits the use of a small amount of the currencies that have accrued under title I sales to strengthen the hands of the voluntary agencies in carrying on some of the food programs. As I understand it, some of the funds could be used for the purchase of simple implements and utensils and other things that might be used in these community self-help projects. Some of it, perhaps, could be used to purchase certain food additives that would increase the nutritional value of the food.

Do I understand from your testimony that Care supports that provision in the bill?

Mr. DEVINE. We certainly support it wholeheartedly. We have been doing that in all of our countries that we have programs in, particularly in school lunch and institutional programs, using donor moneys from the United States and Canada. We have received from excess property supplies some jeeps and other materials. We are convinced that any additional help along these lines will make not only a better program, that is, make for a better program, but will also give that extra support to the program that will continue long after we are not making it available, that is, Public Law 480 commodities. In that respect I am talking about title II and title III. So we certainly do support that part of the bill. We think it is a step forward for institutional building, and in the final analysis would make the recipient governments more amenable ultimately to their taking over these programs, which is therefore our goal.

Senator MCGOVERN. This new section is an amendment offered by Congressman Matthews, of Florida. I have introduced a similar amendment in the Senate.

Do you have any other questions, Senator Cooper?

Senator COOPER. No.

Senator MCGOVERN. If there are no further questions, thank you very much.

Mr. DEVINE. Thank you.

Senator MCGOVERN. Our next witness is Mr. Bernard A. Confer, executive secretary of Lutheran World Relief, Inc.

We will be glad to hear from you now.

**STATEMENT OF BERNARD A. CONFER, EXECUTIVE SECRETARY,
LUTHERAN WORLD RELIEF, NEW YORK, N.Y.**

Mr. CONFER. Mr. Chairman and gentlemen of the committee, my name is Bernard A. Confer. My office is in New York City.

May I depart for a moment from my prepared statement to say that it is a particular pleasure to speak in this forum, since it is this afternoon presided over by a man who has been a friend of the voluntary agencies for many years. And I say this without any detrimental implications to any other Senator.

I am the executive secretary of Lutheran World Relief, a corporation which gathers and distributes material relief supplies overseas and engages in other projects of social service and economic development.

Lutheran World Relief is supported by the American Lutheran Church and the Lutheran Church in America through the National Lutheran Council, and by the Lutheran Church-Missouri Synod and other Lutheran groups in this country.

The combined membership of these church bodies in the United States is in excess of 81½ million persons. Since its organization in 1945 Lutheran World Relief has shipped abroad to 41 countries commodities valued at more than \$158 million, about 53 percent of which has been donated by the U.S. Government.

My presence here today on behalf of my colleagues in Lutheran World Relief is prompted by the concerns of our board of directors with regard to information that new legislation is under consideration with respect to the scope of and procedures for the distribution of U.S. surplus commodities under Public Law 480.

Such a step seems to us to call for thoughtful study, looking at the entire matter in long-range perspective. Since this hearing may be considered a contribution toward such a study, we respectfully submit our point of view and concerns, which are based upon nearly 20 years of experience in this field. Our board of directors has gone on record identifying itself with the concerns which I present here today.

Since the time opportunity was afforded in 1950 to expand its distribution of food through the use of sizable amounts of Government surplus commodities, involving in most cases reimbursements by Government of oversea freight costs, Lutheran World Relief has participated with appreciation in the development of broader programing overseas.

From the start and continuing today it has welcomed the decision of Government to make available surplus foods to bring relief to needy people abroad.

Lutheran World Relief and the National Lutheran Council have on a number of occasions taken official action to commend the Government for its policy directed to sharing with those who are in want. We support wholeheartedly efforts within the Congress to extend and intensify the food-for-peace program on a nonpolitical basis.

Five years ago at a similar hearing our representative, Dr. Paul C. Empie, voiced some reservations of Lutheran World Relief about the trend which seems to be developing in the course of this operation,

especially with regard to its implications for the role of voluntary agencies in their relationships to Government. We made it plain at that time, and wish to reiterate now, that we of Lutheran World Relief share with fellow Americans to the fullest extent a deep sympathy for the world's needy and the desire to help them.

In emergency situations where human lives have been at stake, Lutheran World Relief has opened up its channels for the shipment of supplies from sources other than its own constituencies when its services have been needed. In such circumstances it has permitted the primary concern for saving lives to override its uneasiness over possible long-range effects of such involvements. This is its position today.

In the course of the present study it is of central importance to underscore the fact that by and large the problems which confront us currently are not those of emergency situations but rather of long-range endemic need. Most persons now receiving Government surplus foods are not starving to death. Such commodities either supplement their subsistence rations, to help build up bodily vitality and health over longer periods of time, or are used in self-help projects. This type of assistance in areas of chronic need has been going on for a long time and will continue for many years to come.

Voluntary agencies, and especially those of a religious character, recognize their obligations in situations of endemic need and are attempting to persuade their constituencies that they have as much a responsibility to help prevent suffering as they have to alleviate it after it has appeared. But in long-range perspective it seems to us that a satisfactory answer has not been given to the question: Is it best or even wise to increase the scope of involvement of voluntary agencies in the use of Government resources for serving areas of endemic need?

We believe that it is especially urgent that concentrated attention be focused upon this issue since, as evidenced by S. 2925, there is desire by some to write into this new legislation a provision whereby U.S. Government-owned foreign currencies can be used for the benefit of programs abroad by U.S. voluntary agencies. Such a provision would have the effect of removing what we believe to be the healthy current limitation which exists by virtue of the necessity for voluntary agencies to draw upon their own resources for the cash requirements of extending distribution programs overseas. We believe that this is a "healthy" limitation for the following reasons:

1. It is a temptation to any agency in its zeal for its goals to overreach itself and to undertake more than it can administer effectively. The use of "soft currencies" contributed by Government would enable voluntary agencies to mushroom their programs out of proportion to their own resources and perhaps beyond the point of manageability.

Our experience has convinced us that the unique value of voluntary agencies resides in, and their reputation for integrity depends upon, involvement of an adequate number of competent persons truly representing their constituencies, to witness by their presence and their responsible actions that spirit of constructive brotherhood which the organizations desire to demonstrate. To have available cash and commodities for large-scale programs in which this balance is upset

not only can be harmful to the agencies themselves, but can result in a higher percentage of wastage in the use of the commodities.

Some years ago Lutheran World Relief was the first agency to raise serious questions about one of the major areas overseas where voluntary agencies were distributing Government surplus commodities and to request a Government audit to ascertain whether or not these apprehensions were based in fact. We are under the impression that this and similar audits in other areas confirmed our fears all too well. This committee might find an examination of them useful in the course of its study.

Senator McGOVERN. Could we interrupt you there just for a few minutes? We are going to have to go to a roll call. We will resume as soon as we get back.

Mr. CONFER. I understand.

(Brief recess.)

Senator McGOVERN. All right, Mr. Confer, will you resume?

I want to warn you there will be another rolleall here shortly on final passage. We are perfectly willing to listen to your whole statement, but if you want to give the highlights of it and insert the entire statement in the record, we might be able to get it in before the bell rings.

Mr. CONFER. I will be glad to do that, Mr. Chairman.

Senator McGOVERN. If you prefer to read it all, that is fine. We will come back again and take whatever time is necessary.

Mr. CONFER. If you will just put this in the record.

(The balance of the prepared statement of Mr. Confer follows:)

2. We further believe that it is a wise limitation because it protects the "voluntary" character of the agencies, particularly those of a religious nature. Some of them may retort that this is a protection they neither need nor want! We cast no aspersions on their integrity; we simply assert that, when dealing with religious agencies, Government policy should take into account the fact that their overriding religious motivations and objectives encompass their "humanitarian" activities, and therefore such policy should not facilitate a mushrooming of situations in which the actual though not deliberate result of the distribution of relief commodities provided by the U.S. taxpayers is to build up the prestige and frequently to further the evangelistic efforts of religious groups.

It must be conceded that to some extent this effect is inevitable. When Lutheran World Relief distributes commodities in an area where Lutheran missions are at work it is both natural and unavoidable that grateful people will be influenced thereby when Lutheran mission personnel confront them with the gospel of Jesus Christ. To be scrupulously honest, we have made strong efforts to publicize locally the source of Government commodities and to publish in open reports the amounts received from this source, for all to see. We had felt that Lutheran World Relief was not compromising its character as a religious agency as long as, in good faith, it could incorporate Government commodities, made available without political or other strings attached, in what would continue to be its own program. But when the proportion of receipts from Government sources exceeded 50 percent of the total, Lutheran World Relief began to question whether or not it could continue to claim the program as its own. One can't be sure just where to draw the line but there ought to be a border zone defined somewhere. Perhaps the character of religious and other voluntary agencies could best be protected if some kind of matching basis were established such as that which obtains with respect to grants and loans to denominational colleges and universities.

3. This limitation also seems healthy because it helps to underscore the necessity that voluntary agencies—and especially religious agencies—be neither in fact, nor in the estimate of the public, instruments of Government. At the hearing referred to above it was stated by a member of the committee that a motive for distributing Government surplus commodities through voluntary agencies

was to save money for the taxpayers since the agencies could do the job more cheaply. It was further indicated, without being in these precise words, that Government could (1) capitalize on the good will which voluntary agencies have abroad, (2) fulfill more effectively thereby its world peace objectives through the people-to-people concept, and (3) achieve its purposes in this manner without the necessity of dealing officially with governments or organizations in the area concerned. In such matters, what may be good for Government may not be good for the agencies. We are convinced that the ever-closer identification of voluntary agencies with Government, which would seem to be the automatic outcome of deepening the involvement of voluntary agencies with Government by the use of U.S.-owned foreign currencies, may work eventual loss for both parties.

Agencies in the programs of which the proportion of distributed goods from Government sources is already high are especially vulnerable. The committee might find it useful to take a closer look at this particular point. We have not been able to secure complete statistics but have reason to believe that the 53-percent figure for Lutheran World Relief, cited above, is among the lower ones. We are under the impression that there are some among the smaller agencies which, without Government commodities or contracts, virtually would be out of business. A rejoinder might well be made that this is their affair, not ours. Yet it seems obvious that such organizations cannot but be regarded as thinly veiled instruments of Government; when anti-U.S. feelings erupt in various parts of the world all U.S. voluntary agencies get tarred with the same stick. This is neither in the interests of the U.S. Government nor in the interests of the agencies themselves. It ought to be unmistakably clear that no voluntary agency is an instrument of Government and the criteria according to which this statement can be affirmed should be known. The great virtue of voluntary agencies has been the confidence they have engendered because their resources result from the spontaneous generosity and sacrificial giving of individuals in their constituencies. Our country has been tremendously blessed by this tradition, and a thoughtful Government will take all possible measures to preserve it.

Permit me to state again that I am raising the issues of means, not ends. Lutheran World Relief yields to no agency in its concern for the ends in view; namely, to alleviate human suffering and to help those in need to help themselves. In the hearing of 5 years ago, mentioned above, a colleague from another agency whispered to our representative at the conclusion of his testimony, "If you Lutherans have scruples about accepting large quantities of commodities from Government, you don't have to take them; but why do you want to prevent the rest of us from receiving them when we see no compromise of our principles by doing so?" We know that not all agree with our position and that we will be regarded by some as a "dog-in-the-manger" in stating it. But the matter is not that simple, especially where religious agencies are involved. To have each go his own way and undermine equitable relationships of Government with all agencies would inevitably intensify sectarian tensions. A glance at the proportions government resources bear to the total programs of some of the larger voluntary agencies as reported by them to the Advisory Committee on Voluntary Foreign Aid is illuminating in this connection:

Calendar year 1962

Agency	Agency cash expenditure	U.S. Government ocean freight reimbursements	U.S. Government surplus commodities	Other relief supplies	Government resources (percent)
American Jewish Joint Distribution Committee.....	\$28,797,200	\$358,124	\$1,406,159	-----	5.8
Catholic Relief Services—National	5,097,546	27,506,156	103,905,884	\$22,974,202	82.0
Catholic Welfare Conference.....	5,616,462	6,450,189	22,971,673	6,423,429	71.0
Church World Service.....	9,756,656	12,129,164	42,160,794	672,413	84.0
CARE.....	807,250	1,542,410	4,215,532	5,741,758	47.0
Lutheran World Relief.....					

These five agencies shipped 98.15 percent of government surplus foods received by all voluntary agencies in 1962. The breakdown is as follows:

	<i>Percent</i>
American Jewish Joint Distribution Committee-----	0.79
Catholic Relief Services—National Catholic Welfare Conference-----	58.40
Church World Service-----	12.91
CARE-----	23.69
Lutheran World Relief-----	2.36

From the stateside viewpoint, we do not suggest that the "equitable relationships of government" mentioned above require that grants to all agencies be cut back according to a "least common denominator" of concern and activity for the needy overseas. But this viewpoint by itself cannot be the basis for Government policy. The facts of life are that at the local level overseas no U.S. agency is able to exert more than partial control over what transpires in the process of distribution. Some time ago Lutheran World Relief declared its intention of terminating its support of a large family-feeding operation in a certain area overseas because of widespread abuses and violations of LWR as well as Government regulations for the distribution of surplus commodities.

Some of our group who opposed this withdrawal were quick to point out that it would place Lutheran missions in that area at a great disadvantage. It was said that competitors could and would indicate that stoppage of relief distribution there by LWR proved that Lutherans were not really concerned about the suffering of others, while they (the competitors) demonstrated by their deeds how much more love they had for their fellowmen than certain other people. Nevertheless, we terminated our support of the project, while other agencies continued.

Enlarging the scope of voluntary agency involvement by making available to them U.S.-owned foreign currencies, or goods and services purchased with these currencies, would certainly aggravate this problem. One can put a label with the words "Gift of the American people" on food packages but such a label can hardly be pinned to the forehead of employees or be made prominent in the variety of uses in the distribution of commodities or in other projects toward which the funds would be applied. The prestige value to a religious agency of a large-scale relief program is enormous; it is naive not to recognize this or to suggest that it is a negligible or a trivial factor, or so incidental as to be not worthy of consideration.

Nevertheless, in emergency situations where it is clear that government use of the channels of voluntary agencies for relief is an urgent requirement, we would waive this particular concern. At this hearing, however, we raise the question whether or not in fact another and a better way for making its surplus commodities available overseas in situations of endemic need, may be used by the U.S. Government. We believe that in the long run, responsibility for meeting the needs of its undernourished and ill-housed citizens rests primarily with each government, and that the United States should make every effort to assist governments in developing responsible procedures to cope with problems of endemic need.

The underlying assumption upon which the promotion of a wider role for voluntary agencies in this matter is based is that in most if not all of the lands concerned the governments are incapable of organizing effective relief distribution programs, or that graft and corruption are so deeply ingrained in their national life that our Government could not be assured that the commodities would reach the persons who really need them. This allegation, which has been made frequently in our presence, Lutheran World Relief rejects as a generalization which is insulting to the peoples concerned, harmful to U.S. relations with their countries, not in the best interests of either donor or recipient land, and dangerously misleading as a guide to future policy. Of course there is a certain amount of graft and corruption everywhere, including our own beloved country; there is also a degree of it in the programs of the voluntary agencies, though quite contrary to their wishes and beyond their control. Competent and responsible administrative procedures in this field are developed only in the course of experience, for which most receiving countries have had little if any opportunity in the past. We believe that the U.S. Government, which organized the brilliantly successful Peace Corps, would do well to engage here in long-range planning, making available to the governments concerned experts in social welfare who will help them to establish pilot projects for relief distribution and self-help projects. Such govern-

ments will then be better prepared to foster the development of indigenous voluntary agencies which can carry on the work effectively and responsibly in the future. Toward this end Lutheran World Relief and Church World Service cooperated with the Red Cross of Yugoslavia in a school-feeding pilot project and has recently brought it to a successful conclusion.

Other governments are not stupid. They are aware of the allegations mentioned above and surely resent any step which our Government may seem to take in support of these charges. Furthermore, in some quarters at least there are questions raised about possible ulterior motives possessed by a country of a predominantly Christian tradition which chooses to use religious agencies in assisting lands where competing religious ideologies prevail.

Without criticizing anyone for the record of the past and, indeed, applauding both Government and the agencies for what has been accomplished in partnership, Lutheran World Relief steadfastly holds to the point of view that the trend toward increased identification of Government with the voluntary agency programs should be halted in the interest of bringing back into sharp focus the now blurred line of distinction between the respective roles of private and public agencies, and strengthening each in the process.

Mr. Chairman, to make it quite clear that this statement is intended to be constructive, not negative, permit me to summarize our position in the following three points:

1. Lutheran World Relief joins wholeheartedly with its colleagues in the American Council of Voluntary Agencies for Foreign Service in expressing appreciation to the American people through their Senators and Representatives of the Congress "for the opportunity to share with their Government in the utilization of these valued foods in their program of assistance overseas through the food-for-peace program." Countless lives in many lands have been blessed thereby and the net results have been positive.

2. Lutheran World Relief, while recognizing certain inevitable ambiguities inherent in use of Government commodities by voluntary agencies, is ready to continue such use on the present basis, as long as it does not result in an unbalanced program, but rather supplements one which can honestly be termed its own as over against one in which it actually would be serving as an instrument of Government. It believes that the latter characterization would become virtually unavoidable should substantially more than half of its relief supplies come from Government sources. It would be even more vulnerable should Government funds, not easily identifiable, serve to make its outreach through food distribution and special projects even more dependent on Government resources and thus identify it more closely with Government and its policies.

3. Lutheran World Relief holds the strong conviction that the United States should intensify its food-for-peace program on a nonpolitical basis; that Government should institute plans whereby recipient countries may be assisted in developing indigenous welfare agencies, public and private, which can effectively utilize local as well as U.S. gifts to meet emergency and endemic needs; and that U.S. voluntary agencies should continue to supplement such efforts by undertaking small-scale pilot projects where these are needed and desired, financing such projects in proper proportion with gifts from their respective constituencies.

Thank you.

Mr. CONFER. May I say in my own words, just to hit the highlights, we in Lutheran World Relief see a developing situation here that started after World War II with Government resources being made available in the form of ocean freight, then in 1950 surplus foods, and a little later more surplus foods more liberally. Gradually we see the proportion of support to voluntary agencies coming more and more from Government and less and less from voluntary sources. We question whether this is wise.

On page 7 of my testimony I have a table which would show that two of the largest agencies in the field back in 1962 already received 82 and 84 percent of their resources from Government, and I would think that since programs are continuing to expand, that this would be higher today than it was then. Though we are in principle right

along with you on making the food available, we wonder how far you can safely take voluntary agencies in this relationship.

When does an agency become an instrument of Government?

In the eyes of oversea people, if you get up to 90, 95, 99 percent where do you draw the line?

For ourselves, within our own group, we are hesitant at the moment we hit 50 percent. You see, we have no case for any particular figure and are not advancing this as a criterion. But when do oversea people have a right to consider a voluntary agency as an instrument of government?

And then, if we more and more become dependent on Government resources for the program, in essence and in actuality how independent are we?

We say that we are going to be independent, and yet if this continues over the long pull, we wonder whether voluntary agencies will be able to keep their independence really or whether they will be subjected to the political objectives of government.

Senator MCGOVERN. In that connection, Mr. Confer, as I understand it, what you have suggested as a working rule is that not over 50 percent of the resources be from Government.

Mr. CONFER. This is for ourselves, yes. We do not know where to draw the line really. But when we see it going into the eighties and nineties we really have serious question and lay the question before you. Is it wise to increase this by making additional resources available?

Senator MCGOVERN. Would that same concern apply to a non-religious group such as CARE, for example, or are you concerned primarily about the church-state relationship?

Mr. CONFER. We are concerned first of all with voluntary agencies, and the preservation of voluntary agencies, which some of us think is pretty valuable on the American scene, and it becomes valuable abroad too. But it has the extra impact at the point of the church agency. There we especially have a concern, mainly because overseas, let's face it, in their evangelistic programs the churches have not been able to come to an agreement. Although we may not be in competition here, I have seen it develop over there. This is referred to in my basic testimony, and this does mean that a pull is made on each of the church-agency headquarters at home by oversea Christian groups. So it has special force there, as you rightly suggest. But I say that voluntariness in itself has unique values on a people-to-people basis. It really expresses what the man in the street feels. I wonder, the more Government subsidy we put on, whether this will not just complicate the problem and make less valuable in the long run the service of voluntary agencies.

Senator MCGOVERN. One of the concerns you expressed, Mr. Confer, in your testimony, was the feeling that if the agencies expand their operations too far, they will not be able to do an effective administrative job. Is it not possible that under the provision in the House bill which I have introduced separately over here on the Senate side, where we provide some funds, some of the title I funds, that we might actually be doing just the opposite? We might be strengthening the administrative efficiency of the program?

Mr. CONFER. It is possible, and I know that those men in the administration who want this passed intend to try to do just that. But I

would point to the record of the last 10 years, and wonder how effective this is going to be. It may be that it would be effective.

For example, I have been told by the administration representatives that they plan not to make funds available, but to use the funds to acquire equipment or other commodities or services, and make those equipment, commodities, and services available. I can see this would make for tighter administration.

However, the legislation proposed is rather broad at this point, and does not even limit it to commodity programs.

Senator McGOVERN. It does provide, however, that the major purpose of that provision is designed to alleviate the cause of the need for such assistance. In other words, the presumption is that the administrators would carry this out in such a way as to get at some of the root causes that make direct feeding programs necessary. If properly executed, this could be a device, could it not, for getting us out of some of the present long-term feeding programs with which we are involved?

Mr. CONFER. Yes, it could be. It could be the device.

Please note that I do not question the end here. I think it is a good end.

Senator McGOVERN. I think you have a legitimate concern here and I think it is something that the committee ought to very seriously consider as we look to the continuance of this program.

Mr. CONFER. Then let me summarize. We in Lutheran World Relief are for the extension of this law. We feel that the food-for-peace program has literally made it possible to reach millions of people, needy people, more than would otherwise have been the case. Millions of people's lives have been truly blessed, we think.

Secondly, we would call upon Government to halt this trend of increased identification of Government with voluntary agencies, and bring back into sharp focus the lines of distinction between private and public agencies, so that each may be strengthened in the process.

Thank you, Mr. Chairman.

Senator McGOVERN. Thank you ever so much for your testimony, Mr. Confer.

What I said to Mr. Devine, I would like to say to you. I think that Lutheran World Relief has done a remarkably good job in the way it has handled its programs all over the world.

Mr. CONFER. Thank you.

Senator McGOVERN. I have also had a chance to look at some of them firsthand.

Mr. CONFER. I am glad.

Senator McGOVERN. And the organization has done a remarkably effective job.

Mr. CONFER. Thank you, Mr. McGOVERN.

Senator McGOVERN. Dr. McLain, chancellor of the American University in Cairo.

**STATEMENT OF DR. RAYMOND F. McLAIN, CHANCELLOR, THE
AMERICAN UNIVERSITY IN CAIRO**

Mr. McLAIN. May I ask Dr. Barco to join me?

Senator McGOVERN. Yes. You can proceed any way you wish, paraphrase your statement, read it, or however you wish to proceed.

Mr. McLAIN. Ours is a very short statement, Mr. Senator. I think I could read it more rapidly than paraphrasing it.

Mr. Barco is the chairman of our board of trustees, Mr. McGovern, and has been with the delegation to the United Nations for a long time, with particular reference to the interest and responsibilities of the Middle East, and I am Mr. McLain. I was for eight and a half years president of the university, living in Cairo, now its chancellor, living here.

We speak for the present president, Dr. Thomas Bartlett, as well as for the rest of our board in this statement, sir.

While the specific concern of the university is best expressed in section "u" of the proposed House bill (H.R. 12298), a copy of which is attached—you are aware, I am sure, of this, the statement which has to do with the excess of foreign currencies piled up in the U.S. account in a few of these countries where that exists. While that is our primary concern at this moment, the broader concern of the university arises from the desire that public funds, such as accumulated in the excess currencies in the U.S. uses account in Cairo, be both conserved and utilized in the public good. An educational enterprise, being permanently rooted in the foreign country, makes the funds go a long way, relatively speaking.

Further, our particular proposal, to be brought before the President's Committee if this legislation passes, would both conserve and utilize such currencies. The money would not be spent, but be invested in enterprises advantageous to Egypt as well as to America and the university. The income from the funds, when invested, would be utilized for the current support of the university.

The university serves the public good, both in Egypt and America. Aside from its central and direct educational program the university is a nonpolitical instrument serving, in the finest sense, the political purposes of the United States. We do this indirectly, as an American presence located in the very center of Cairo, bringing the best of the American cultural, scientific, economic, and political traditions to bear on Egypt's major current problems of development.

The fact that the U.S. Embassy in Cairo, which knows the institution intimately, supports this major interest of the university in all respects speaks for its acceptability. The fact that both the Bureau of Educational and Cultural Affairs of the State Department, and the Administration for International Development have been interested in and support the university's effort authenticates it as meeting American standards and objectives.

Sir, I neglected to put it, and it should be inserted at this point, the fact that our university has been receiving support through Public Law 480 funds, beginning in 1959 and through the present AID funds, and beginning in 1959 the ICA as predecessor to AID.

We are interested in the revision of Public Law 480 generally because it will extend the ways in which American helpfulness can be made available; more definitely, because it will open the way for direct assistance to our university in getting our job accomplished in the best possible manner.

If the proposal contained in section "u" becomes law, or a proposal similar to it, I am not speaking just of its wording but the idea, our university will request the President, through the Committee, to place \$30 million in Egyptian pounds of the \$101 million in pounds now in the U.S. uses account, in an Egyptian pound investment fund, to be handled by an American corporation separate from and yet related to the university's board of trustees. The corporation will have the duty to invest these Egyptian pounds and will turn the income over to the university for its current support.

It will report to the U.S. Government as to its handling of the funds; the university will report as to its use of the income from the investment. If for any reason the university should cease to operate as an American institution, the funds would revert to the U.S. Treasury.

The American University in Cairo was incorporated in Washington, D.C., in 1919 as a private, nonsectarian institution, with a self-perpetuating board of American trustees. Its academic efforts are in direct teaching in its undergraduate faculty, with six majors leading to the bachelor of arts and bachelor of science degrees, and to teaching and research in its master of arts program, leading to the six M.A. and M.S. degrees. It is beginning a Ph. D. program in Arabic studies. The social science research center conducts widespread research in economics, anthropology, sociology, and political science. Its center for Arabic studies conducts research in modern Arabic literature, in Islamics, and in other aspects of the humanities.

The university is placing particular emphasis upon developmental economics, upon business organization and management, and in teaching of English as a foreign language. It enjoys the fullest cooperation with the Egyptian Government; in fact, it remains as the only free foreign institution of learning operating in Egypt.

It is enrolling close to a thousand students in its credit and language studies, and some 750 adults in a broad and flexible evening studies program. (If a current effort to purchase an adjacent school property succeeds, the university will immediately double its present capacity. It has done and continues to do a great deal of creative "ground breaking" in the educational enterprise. It stresses quality in all phases of its work. It finds countless ways to serve Egypt in addition to its formal studies.

For instance, its library is one of the finest in its content and operation, and is made available to many Egyptian teachers and leaders outside the university personnel; many of its staff serve on significant Government committees and councils such as (at present) the Economic Planning Board and the Family Planning Council; its halls are frequently used for cultural presentations from the United States, West Germany, Austria, Greece, and the like.

In brief, it is a small but splendid institution of which Americans can be proud. In the judgment of its officers and board, an American investment in it is an investment well placed. Such an investment

would enable the university still further to bring American ways of thinking, doing things, and living to the inescapable attention of the millions of people of the Middle East.

If Mr. Barco and I can answer any questions, we should be only too pleased to do so.

We thank you very much for this opportunity to speak for this particular amendment which would broaden the base of the use of the excess currencies that are now in existence.

(Attachment to statement follows:)

H.R. 12298

Section u

“(u) To use foreign currencies which are in excess of the normal requirements of the United States as determined by the Secretary of the Treasury, to promote the development of the resources of less developed friendly foreign countries, their technical knowledge and skills in fields such as food production and distribution, education, health and medicine, and engineering, in a manner which will secure to the United States the maximum benefit from currencies accruing under this title: *Provided however*, That no such use shall be made of such currencies which would have the effect of reducing the dollar reimbursement to the Commodity Credit Corporation for foreign currencies. There is hereby established an advisory committee composed of the Secretary of Agriculture, the Director of the Bureau of the Budget, the Administrator of the Agency for International Development, the chairman and the ranking minority member of the House Committee on Agriculture, and the chairman and the ranking minority member of the Senate Committee on Agriculture and Forestry. The functions of such committee shall be to review from time to time the status of foreign currencies which accrue under this title and to make recommendations to the President with regard to (1) the use of excess currencies under the authority conferred upon him by this subsection and (2) grants under subsection (e) hereof.”

Senator McGOVERN. Thank you, Dr. McLain. I think your proposal is a most interesting and constructive one and I know that the members of the committee will want to study it carefully.

I wonder if you could just describe some of the possible purposes that the funds might be used for, the kinds of projects that might be undertaken. Would this be to support the general program of the university, or would there be programs especially related to the needs of the people of Egypt, or can you give us some idea how it might be administered?

Mr. McLAIN. The fund itself, if we are talking about the purpose of the grant, would be strictly for investment purposes. The income from it would be for the general operation of the university.

Now, in the investment of the Egyptian pounds for this purpose, they have to be invested in Egypt. We think nonetheless that a good deal of the investment could be in the type of American-Egyptian business enterprise that is developing once more in Egypt since their difficulties of 1956.

Pfizer, for instance, is building, has built a plant in the outskirts of Cairo. Reynolds Metal is to build a building and a plant, I think, up near the Aswan Dam. Many of the oil companies, many other American companies are there and are moving into Egypt, and investment in these kinds of businesses would open certain opportunities not only for us to make a percentage from the investment, but to mold together in some respect American and Egyptian business interests. Much of the investment would probably be in Egyptian Government bonds.

A good deal of it might be in housing that we in turn would use for our own staff, particularly the more itinerant staff.

Senator McGOVERN. Would you envision using some of the funds for plant expansion at the university and student support?

Mr. McLAIN. No. We would use the income from the funds for student support.

Senator McGOVERN. Yes, for those purposes.

Mr. McLAIN. And for the operational expenses at the university.

Senator McGOVERN. Presumably the income from the funds could be used in the same way you would use other endowment funds?

Mr. McLAIN. Yes, exactly so.

As of now we are receiving through both AID and Public Law 480 approximately \$1 million per year of assistance applied to various aspects of our general current operating program. The income from this fund would take the place of this annual aid, you see, in the support of the university program.

One reason we are interested in a more continuing thing, and reliably from our point of view, is that it is very difficult to plan a university development program and employ staff and so on when one never knows quite for sure if and when a grant is going to be made.

Senator McGOVERN. I know a number of us have been concerned about how we can put these idle currencies to work, and this would seem to be a very constructive and interesting way to do it.

I had the opportunity on two different occasions to visit American University in Cairo, and I know what a great role it plays in the Middle East. I think the proposal ought to be very carefully considered.

Senator Cooper, do you have any questions?

Senator COOPER. Yes. I am glad I got in at the end of Dr. McLain's testimony.

Let me say I have known Dr. McLain for a long period of time, since the time he was president of Pennsylvania College, the oldest college west of the Allegheny Mountains. We are very proud of the work he has done.

I agree with you that the committee should give very thoughtful and serious consideration to this proposal. Dr. McLain has pointed out that this university now has a thousand students.

Mr. McLAIN. Roughly so, yes.

Senator COOPER. About 750 adults who are studying in the evening program?

Mr. McLAIN. Yes, sir.

Senator COOPER. What percentage of these students are citizens of the United Arab Republic?

Mr. McLAIN. The last time I made a count, Mr. Senator, about 60 percent were of the United Arab Republic, and an additional 20 were from the other Arab countries and African countries. The remaining 20 are mostly the children of embassy personnel from all over the world really, about 30 to 35 nations are usually represented in the student body.

Senator COOPER. Does the enrollment remain at a steady and constant level or does it fluctuate?

Mr. McLAIN. No, it is going up continually, and if we do secure this adjacent property that I mentioned in this statement, we could

almost double the enrollment overnight, because we have consistently turned down more students than we have been able to accept, and this would greatly augment our capacity. It would take us several years in our credit program to grow to the point of full utilization of the additional property. In our adult program we could do it instantly, because we will accept 750 adults and 4,000 or 5,000 will perhaps be applying.

So we could, with additional capacity, instantly double our adult enrollment.

Senator COOPER. What is the size of your faculty?

Mr. McLAIN. It is a little hard to—the teaching faculty, sir, would be 55 to 60. The research staff, some of whom would do a little teaching, most of whom are purely involved in research, would vary from as few as 8 to as many as 15 or 20, depending on the different projects we were undertaking.

For instance, we have just completed a 3-year research project in Aswan, having to do with the relocation of the Nubian peoples when its new dam is built. Well, anywhere from 5 to 20 people have been involved in that research project at different times.

Senator COOPER. Are any members of the faculty citizens of the United Arab Republic or the Arab countries?

Mr. McLAIN. Yes. I would say approximately half of our teaching faculty and two-thirds of our research staff are Americans, and the other half are mostly Egyptian, although always there are four or five other Arab countries that are represented on the faculty, and a number of European countries as well. Right now we have two Dutchmen who are Communists, one or two British people, chiefly in our Arabic studies area, a Scandinavian. We will have ordinarily 10 to a dozen nationalities on the staff. But the great majority are either American or Egyptian, and almost all of the Middle East staff have American graduate degrees.

Senator COOPER. I think it would be a good idea, Mr. Chairman, if he has not already done so, that Dr. McLain file with the committee the names of the board of trustees and their residence.

Mr. McLAIN. I would be glad to do that.

Senator COOPER. If this could be done, then, the control and investment of funds would be within the competence of the university board of trustees. Is that correct?

Mr. McLAIN. Our thought, Mr. Chairman, was to create a separate corporation, most of the members of which, however, would be members of our board of trustees, but part of the reason for the separateness is to safeguard the funds in case, as can always happen in a foreign country, something were to happen to the university. It would not be happening to the funds, in other words.

Senator MCGOVERN. Will you please submit that information for the record?

Mr. McLAIN. Yes, I will be glad to and any other details that you think would be helpful.

Our board, as indicated here, are all Americans. It is not required by our university's constitution, but for practical reasons, in the last decade particularly, this has proved to be a very helpful thing. We may ultimately add additional persons of Egyptian nationality to the board, but at the moment they are all American.

I might point out that we are here not arguing for the creation of this corporation and the granting of these funds. We are here interested in a permissive amendment to Public Law 480 that would allow for this kind of use of the excess funds. Then we will have to go to the committee if such a committee is created, with the proposal.

But to be honest, we wanted to state what was in the back of our minds as well as to indicate the desire we have for the amendment, you see.

Senator MCGOVERN. But you are supporting the amendment that was included in the House bill?

Mr. McLAIN. Yes.

Senator MCGOVERN. And then if that is approved, you will submit to the committee that is created this proposal you have discussed here today?

Mr. McLAIN. Yes, that is right.

Senator MCGOVERN. Do you have any other questions, Senator?

Senator COOPER. No.

Senator MCGOVERN. Thank you very much, Dr. McLain, for your testimony.

Is Dr. Danielian here?

Dr. Danielian is president of the International Economic Policy Association.

STATEMENT OF DR. N. R. DANIELIAN, PRESIDENT, AND JOHN A. WISE, JR., ASSISTANT TO THE PRESIDENT, INTERNATIONAL ECONOMIC POLICY ASSOCIATION

Mr. DANIELIAN. With your permission, I would like to introduce Mr. John Wise, Jr., of my office. He has made an extensive study of the factual background of Public Law 480 and will be prepared to answer questions relating to it.

I have a prepared statement here, and cognizant of the pressures under which this committee works, I would like your permission to insert this statement in the record instead of reading it.

Senator MCGOVERN. Without objection, the statement will be printed.

(Prepared statement of Mr. Danielian follows:)

The International Economic Policy Association represents a group of American international business corporations vitally concerned with the success of our foreign economic policies, and the advancement of the concepts of private ownership of property and private enterprise as the best means toward economic and social development and the raising of the standards of living of all peoples.

These corporations comprise a substantial segment of the American economy, productivity, and employment. Their combined annual gross revenues are in excess of \$23 billion, with a combined capital investment of over \$17 billion.

The extension of Public Law 480 is of interest and concern to use because this program, financed by all the taxpayers, has become an expensive and important tool for the effectuation of U.S. foreign policy. This program has been in effect now for 10 years. The 19th Semiannual Report on Public Law 480 states that the total value of programs since the beginning of operations under Public Law 480 in July 1954 has been \$20.5 billion.¹ Under title I alone, sales of surplus commodities for local foreign currencies programed since July of 1954 have

¹ Nineteenth Semiannual Report on Public Law 480, H. Doc. No. 294, 88th Cong., 2d sess., n. 11.

been in the amount of \$13.6 billion (estimated Commodity Credit Corporation cost).²

What was originally conceived as a method of disposing of nonrecurring agricultural surpluses has been converted into a method of disposing of continuing and increasing agricultural surpluses as a supplement to, and in some cases, a substitute for, dollar foreign aid. It has become a major foreign policy tool.

The administration has requested a 5-year extension of title I through December 31, 1969, with an increased authorization of \$7.1 billion, with a limitation that agreements entered into in any one calendar year may not exceed \$2.5 billion, with a provision, however, for the carryover of uncommitted authorizations from prior years. The administration request further provides that agreements may be entered into in excess of \$2.5 billion to the extent of the dollar equivalent amount of the local currencies repaid from previous title I sales.

The administration is also requesting \$2.7 billion authorization in order to carry on activities under title II (famine relief and other assistance) at \$450 million per year over the 5-year period, 1965 through 1969. This is a \$150 million increase over present authorizations of \$300 million per year under title II.

In total, therefore, the administration's request amounts to \$11.2 billion over the next 5 years (1965-69) to carry on activities under titles I and II of Public Law 480 (see table 1).

A program of such magnitude should have the benefit of congressional scrutiny more frequently than once every 5 years.

COOLEY LOAN PROVISION (SEC. 104 (e))

On August 13, 1957, the Congress approved the so-called Cooley amendment which authorized U.S. representatives in negotiating title I agreements to set aside up to 25 percent of the currencies received under such agreements for the purpose of making loans "to (1) United States business firms and branches, subsidiaries, or affiliates of such firms for business development and trade expansion in such countries, and (2) for loans to domestic or foreign firms for the establishment of facilities for aiding in the utilization, distribution, or otherwise increasing the consumption of, and markets for, United States agricultural products."

The appended table 2 indicates that since the Cooley amendment was enacted on August 13, 1957, to December 31, 1963, 7 percent of the dollar equivalent value of the currencies generated by title I sales has been negotiated by U.S. representatives to be set aside for Cooley loans, and only 3.1 percent has been lent.

This is in contrast to 63.4 percent which has been lent or granted to the governments of recipient countries for economic development during the period July 1, 1954, through December 31, 1963³—18.3 percent in the form of grants and 45.1 percent in the form of loans. Loans are made in most instances for 40 years with a 2-to-4-year grace period after which three-fourths of 1 percent interest is charged.

Our studies indicate that there is greater demand by U.S. business in many countries for Cooley funds than have been made available by U.S. negotiators under Public Law 480.

In the case of Peru, there was on hand as of June 30, 1964, according to an AID press release of that date, \$875,600 in local Peruvian currency. There were requests for \$5.3 million represented by 12 pending applications for such funds. Six other corporations have filed letters of intent to apply for Cooley funds in Peru but no figures are available as to the amounts they desire to borrow. Since the Cooley amendment was passed in 1957, Cooley loans in Peru have amounted to \$2,700,000 (12.3 percent of the local currency generated by title I sales to Peru since 1957).

Since July 1, 1957, Colombia has purchased \$42,905,000 worth of Public Law 480 commodities under title I.⁴ Eighteen percent of that amount was allocated for Cooley funds and only 12.8 percent has been actually lent.

² The Commodity Credit Corporation's cost (CCC cost) reflects costs incurred by the Corporation to be reimbursed under Public Law 480, 83d Cong., as amended. These costs include the Corporation's investment in making Government and commercial surplus stocks available for export, cost of financing the exportation of these surplus commodities and ocean transportation thereon as authorized.

³ Nineteenth Semiannual Report on Public Law 480, H. Doc. No. 294, 88th Cong., 2d sess., table 12, p. 102.

⁴ SDS—7-61, SDS—11-63, USDA Program Operations Division.

There was, as of June 30, 1964, only \$271,400 in local Colombian currency available for Cooley loans. Colombia is a country in which the demand for Cooley loan funds generally has exceeded the supply. It has been announced by AID that no further applications will be accepted for Cooley loans in Colombia.

In the case of Brazil, since the Cooley amendment was passed, \$297,774,000 worth of Public Law 480 commodities have been sold for cruzeiros. No funds whatsoever have been available for Cooley loans. Since 1962, title I sales agreements with Brazil have contained a provision that 10 percent of the cruzeiros generated by any sale would be turned over to the Brazilian Government's National Economic Development Bank (BNDE) which is to make loans to United States and Brazilian private business on a 50-50 basis.

A total of \$11,237,000 in cruzeiros has been turned over to BNDE for this purpose. This is only 3.7 percent of the value of commodities that have been supplied to Brazil since the Cooley amendment passed. Of that amount \$3,484,000 has been lent to U.S. private enterprise. That is, only 1 percent of the value of commodities sold to Brazil since 1957 and 0.8 percent of the value of commodities supplied to Brazil since the Public Law 480 program began.

The above facts with regard to BNDE are borne out by the experience of one of our member companies which wrote to us the following:

"Applications to BNDE for loans of Public Law 480 counterpart funds by American-owned subsidiaries have been completely unproductive and Brazil assumes that any real needs will be supplied from parent companies in the United States."

This attitude negates the purpose of section 104(e) of Public Law 480.

A number of our member companies have informed us that if Cooley funds were available in Brazil they would have applied for loans.

Chile is another example where, of title I sales of \$32,862,000, only \$761,000 has been provided and \$400,000 has been lent as Cooley loans to private business—2.3 and 1.2 percent respectively of the dollar value of the local currencies generated since the Cooley amendment was passed. There are no Cooley funds presently available in Chile.

In India, only 4 percent of the \$1,557,312,000 worth of commodities sold to India under title I since the Cooley amendment was passed have been lent as Cooley loans to private American business. As of June 30, 1964, there was on hand \$18,515,300 to meet a demand represented by pending applications of \$32,820,000. This is almost double the available amount. Yet India has received \$1.7 billion worth of Public Law 480 title I commodities since 1954 and 80 percent of the local currency generated by these sales have been turned back to the Government, 48 percent in the form of loans and 32 percent in the form of grants.

Although originally 125 million were provided in India for Cooley loans, a considerable portion of that lapsed and reverted to the Treasury, and now we find ourselves short of Cooley funds. Similar situations exist in the Philippines, Nationalist China (Taiwan), and Finland.

In the light of these facts, the impression is perhaps justified that the administration of section 104(e) since the Cooley amendment was added in 1957 has not lived up to congressional intent. We feel that it is desirable for Congress to clarify by new legislation what its intent has been and is in this matter.

COOLEY FUNDS FOR WORKING CAPITAL

The AID agency has established a policy in some countries that Cooley funds are to be made available only for fixed investments and not for working capital requirements. This policy has been applied to Turkey. Several of our members have been informed by AID that it is necessary to apply this policy because the demands on available funds are considerably greater than the supply and that only by eliminating their use as working capital can a reasonable number of the applications for loans for fixed investments be approved.

Yet in the case of Turkey only 14 percent of the local currency generated since July 1957 has been set aside for this purpose and 6.8 percent has actually been lent to American business firms under the Cooley provision.

Our information indicates that as of June 30, 1964, \$9,174,000 worth of local Turkish currency was on hand to supply a demand of \$2,100,000. It would appear from such figures that adequate funds are presently available both for fixed asset investment and for working capital loans as well.

We are informed that the Indian Government will not permit the use of Cooley funds for working capital.

There are a number of countries, recipients of Public Law 480 sales, where there is need by U.S. business for working capital. This is another area where Public Law 480 Cooley loan administration stands in need of improvement.

COOLEY FUNDS AND BALANCE OF PAYMENTS

Increased use of Cooley funds for U.S. business investments in underdeveloped countries, in addition to aiding their economic development, will also have a beneficial effect on the U.S. balance-of-payments problem. It would be responsive to section 105 of Public Law 480 which was amended last year in the Foreign Assistance Act (Public Law 88-205) by adding the following sentence at the end of section 105:

"The President shall utilize foreign currencies received pursuant to this title in such manner as will, to the maximum extent possible, reduce any deficit in the balance of payments of the United States."

It would also follow the recommendations of a task force appointed on October 2, 1963, by the late President Kennedy. On April 27, 1964, that task force submitted to President Johnson its report on "Promoting Increased Foreign Investment in U.S. Corporate Securities and Increased Foreign Financing for U.S. Corporations Abroad."⁵ On pages 18 and 19 of that report, the task force comments that the expanded use of Public Law 480 Cooley funds would help to alleviate the U.S. chronic balance-of-payments deficit:

"In this connection, the task force notes that the ability of oversea branches and affiliates of U.S. banks to provide foreign debt financing is enhanced by making Public Law 480 and other counterpart funds available to such branches and affiliates. *This practice, already of long standing, should be encouraged to the greatest extent feasible consistent with other objectives of the program* where possible placing such funds on a long-term basis and thereby facilitating badly needed capital loans." [Emphasis added.]

The report, in its recommendations that U.S.-based international corporations should, where feasible, finance their foreign operations in a manner which minimizes the outlay of cash, states further:

"*U.S. corporations investing overseas should examine the possibility of utilizing foreign currency loans (the so-called Cooley loans) made available in certain countries by the U.S. Government out of receipts from the sale of surplus agricultural commodities under Public Law 480.*" [Emphasis added.]

RECOMMENDATIONS

Section 104(e)

To provide adequate Cooley funds in countries where U.S. business indicates a desire to borrow for economic development purposes, we recommended to the House Subcommittee on Foreign Agricultural Operations that a minimum of 25 percent of local currency equivalents of title I sales be set aside for Cooley loan purposes in countries where there is a clear demand. The House subcommittee in its judgment has made the following change in section 104:

"(e) For promoting balanced economic development and trade among nations, for which purposes (not more than 25 per centum of the currencies received pursuant to each such agreement shall be available) *currencies shall also be available to the maximum usable extent* through and under the procedures established by such agency as the President shall direct for loans mutually agreeable to said agency and the country with which the agreement is made to United States business firms and branches, subsidiaries, or affiliates of such firms for business development and trade expansion * * *"

The Committee on Agriculture has also indicated in its report to the House strong endorsement of providing sufficient funds for Cooley loans where there is demand, and has indicated that the elimination of the ceiling of 25 percent is recognition of the fact that more than that amount should be made available where needed.

Our organization accepts this expression of congressional intent and we would be satisfied if the Senate concurred in this revision of section 104(e).

Since this still leaves a wide area of discretion to the negotiators and administrators of this program, we urge that the House and Senate Committees on Agriculture keep this program under close scrutiny. Specifically, it should be required that the AID Agency should accept, and keep continuous and cumula-

⁵ The chairman of this task force was the former Under Secretary of Treasury, Henry Fowler; the members were: Robert M. McKinney, Charles A. Coombs, Frederick M. Eaton, G. Keith Funston, George F. James, George J. Leness, Andre Meyer, Dorsey Richardson, Arthur K. Watson, Walter B. Wriston, John M. Young, and Ralph A. Young.

tive records, of all applications for Cooley loans, by country, and indicate clearly those that have been granted and those rejected, and the reasons therefor, as a measure of conformance with the intent of Congress in the revised version of section 104(e). We urge this committee to indicate to the AID Agency that, wherever possible, Cooley funds should be made available in sufficient amounts to satisfy working capital requirements as well as fixed asset investment needs.

If experience should indicate that the administration of the program falls short of congressional intent, then it may be necessary later to amend further this section by writing into the law a mandatory allocation for Cooley funds as originally suggested by us to the House committee.

Title IV. Long-term dollar sales

Since the passage of title IV in 1959, providing for long-term dollar sales of surplus commodities, only \$236.5 million worth of agricultural commodities have been programed for sale under title IV, while title I sales during that same period amounted to almost \$6 billion. The value of commodities actually shipped under title IV agreements through December 31, 1963, has been substantially below the total value contemplated in the agreements signed for two reasons:

"First, several of the agreements involved a multiyear supply period including commodities to be shipped in future years. Second, the foreign governments involved sometimes change their buying plans after signing an agreement because of unforeseen changes in domestic production, world prices or foreign exchange difficulties."⁶

The amount actually shipped through December 31, 1963, has been approximately \$91 million including ocean transportation costs.⁷

The International Economic Policy Association is of the opinion that considerably greater emphasis ought to be placed on title IV sales which at some point in the future would return dollars to the U.S. Treasury from the sales of U.S. agricultural commodities under Public Law 480. This would be a welcome contribution to future external dollar resources which our balance of payments may sorely need.

Unloading costs—Port taxes

The United States pays the full cost of transportation to the port of entry of recipient countries and returns a substantial amount of the sales proceeds to the recipient government in the form of grants and loans for economic development. The IEPA supports the policy that the recipient country should pay the costs of unloading, lighterage, port taxes, and wharfage fees abroad involved in Public Law 480 shipments, out of local currencies. This would be a dollar saving, however small, and would have a favorable impact on our balance-of-payments problem.

TABLE 1

[In billions]

Title I:

Title I authorization request for 5-year period 1965-69-----	\$7.100
Estimated amount of reimbursements to the Commodity Credit Corporation from other agencies of the U.S. Government for foreign currencies and repayment of economic development loans in dollars-----	1.000
Carryover of unused balance as of Dec. 31, 1961, not previously provided for in Public Law 87-128, enacted Aug. 8, 1961, which extended title I and II for 3 years (Jan. 1, 1962, to Dec. 31, 1964) but which did not provide for a carryover of unused balances from previous authorizations beyond Dec. 31, 1961-----	.407
Carryover of any amount remaining uncommitted from the current authorization on Dec. 31, 1964 (estimate)-----	.500
Total title I authorization request-----	9.007
Title II authorization request for 5-year period 1965-69 (\$450,000,000 multiplied by 5, equals \$2,250,000,000)-----	+2.250
Total title I and II authorization requests of the administration--	11.257

Source: Draft of the administration letter from the Department of Agriculture to the Honorable John W. McCormack, Speaker of the House of Representatives, accompanied by a draft bill with explanation.

⁶ Nineteenth Semiannual Report on Public Law 480, H. Doc. No. 294, 88th Cong., 2d sess., p. 82.

⁷ Ibid.

TABLE 2.—Public Law 480 title I sales, 1955–63, and Cooley amendment funds and loans, 1957–63, by countries

[In thousands of U.S. dollar equivalents]

Countries	Title I sales ¹		Cooley funds				Funds available June 30, 1964
	Jan. 1, 1955, to Dec. 31, 1963	July 1, 1957, to Dec. 31, 1963	Actually provided		Loans made		
			Amount	Per- cent of col. B sales	Amount	Per- cent of col. B sales	
(A)	(B)	(C)	(D)	(E)	(F)	(G)	
Europe:							
Austria.....	39,502	13,693					
Finland.....	41,207	19,481	3,457	17	2,600	13.0	332.5
France.....	35,468	33,418	6,518	19	5,800	17.0	
Germany.....	1,197						
Iceland.....	14,128	14,035					
Italy.....	139,992	34,470	3,657	10	4,700	13.0	
Netherlands.....	17,481	17,234					
Poland.....	438,865	438,865					
Portugal.....	6,282						
Spain.....	467,046	302,708					
United Kingdom.....	48,094	15,094					
Yugoslavia.....	553,761	368,868					
Africa:							
Congo.....	35,262	35,262					
Ethiopia.....	870	870					103.5
Guinea.....	9,690	9,690	193	1.9			909.1
Morocco.....	18,281	18,281	1,947	10			1,986.4
Senegal.....	622	622					
Sudan.....	7,309	7,309	1,378	18	600	8.0	1,011.6
Tunisia.....	30,557	30,557	3,491	11			3,939.2
Near East and South Asia:							
Burina.....	45,833	26,476					
Ceylon.....	24,985	24,985	4,780	18	400	1.6	
Cyprus.....	648	648					155.2
Greece.....	99,748	59,101	8,989	15	5,100	8.8	3,450.2
India.....	1,706,540	1,557,312	125,092	8	67,200	4.0	18,515.3
Indonesia.....	257,530	186,715	20,184	10			1,438.3
Iran.....	37,219	28,997	2,086	7	2,400	8.0	589.9
Israel.....	223,265	176,578	37,102	20	23,900	13.0	7,431.5
Pakistan.....	615,178	521,534	30,025	5	12,300	2.2	9,910.0
Syrian Arab Republic.....	30,400	30,400	2,934	9			1,073.6
Thailand.....	4,115	1,864					
Turkey.....	393,585	307,721	45,355	14	21,300	6.8	9,174.2
United Arab Republic (Egypt).....	480,765	463,708	57,948	12	1,000	.2	22,913.1
Far East and Pacific:							
China (Taiwan).....	142,719	134,366	10,463	7	4,400	3.0	5,245.4
Japan.....	135,028	8,586					
Korea.....	336,711	273,808	5,757	2	1,800	.6	1,709.5
Philippines.....	33,687	33,687	5,945	18	3,900	11.6	1,300.0
Vietnam.....	76,452	76,452	2,936	4	500	.6	
Latin America:							
Argentina.....	29,875	1,226					
Bolivia.....	16,457	16,457	943	5			1,504.7
Brazil.....	349,486	297,774					
Chile.....	65,544	32,862	761	2.3	400	1.2	
Colombia.....	57,827	42,905	7,959	18	5,500	12.8	271.4
Ecuador.....	10,870	6,905	991	10	1,000	14.5	
Mexico.....	24,644	24,644	6,762	27	7,400	30.0	
Paraguay.....	10,990	8,393	1,028	12	800	9.5	
Peru.....	31,419	21,881	3,532	16	2,700	12.3	875.6
Uruguay.....	34,119	34,119	3,462	10	3,300	9.7	17.4
Totals.....	7,157,913	5,728,655	405,675	7.08	179,300	3.1	95,224.1

¹ Estimated market value of shipments.

Sources: (A) SDS-11-63 USDA Program Operations Division. (B) SDS-7-61 and SDS-11-63 USDA Program Operations Division. (C) W-206 AID Public Law 480, sec. 104(e) Cooley loan funds available for new loan authorizations, prepared by: International Loan Branch, Accounting Division, Office of Controller. (E) 19th semiannual report on activities carried on under Public Law 480, 83d Cong., as amended, covering the period July 1 through Dec. 31, 1963, table XVIII, p. 36. (G) Same as (3); See also AID press release AID-64-158 of June 30, 1964.

Mr. DANIELIAN. I have a very brief summary which I would like to use as a part of my comments. It may not take more than 5 or 6 minutes, if I may have your indulgence.

This is the first time, at least to my knowledge, that a group of important business organizations have become very much interested in the administration of Public Law 480, realizing that over its lifetime it has cost approximately \$20 million to the U.S. Government, and therefore the use of these funds in foreign countries have a very vital influence upon the evolution or the economic structure and directions of these countries. Under title I alone of this program, sales of surplus commodities for local currencies programed since July of 1954 have been in the amount of \$13.6 billion. These are the Commodity Credit Corporation estimated costs.

The administration has requested a 5-year extension of title I through December 31, 1969. Attached to my testimony is a breakdown of the administration's authorization request for title I and title II, which amounts to, during these 5 years, \$11,257 million.

A program of such magnitude we believe should have the benefit of congressional scrutiny more frequently than once every 5 years. We are particularly interested in the provisions of section 104(e) relating to Cooley loans.

COOLEY LOANS (104(E))

On August 13, 1957, the Congress approved the so-called Cooley amendment, which authorized the U.S. representatives in negotiating title I agreements to set aside up to 25 percent of the currencies received under such agreements for the purpose of making loans:

"(1) To U.S. business firms and branches, subsidiaries, or affiliates of such firms for business development and trade expansion in such countries; and

"(2) For loans to domestic or foreign firms for the establishment of facilities for aiding in the utilization, distribution, or otherwise increasing the consumption of, and markets for, U.S. agricultural products."

Now, this has been the law since 1957. The table 2 appended to our statement indicates that since the Cooley amendment was enacted on August 13, 1957, to December 31, 1963, only 7 percent of the dollar equivalent value of the currencies generated by title I has been negotiated by U.S. representatives to be set aside for Cooley loans, and only 3.1 percent has been lent. This is in contrast to 63.4 percent which has been lent or granted to the governments of recipient countries for economic development during the period July 1, 1957, through December 31, 1963, 18.3 percent of it in the form of grants and 45.1 percent in the form of loans.

Loans are made in most instances for 40 years, these loans to the governments, with a 2- to 4-year grace period, after which three-quarters of 1 percent interest is charged.

Furthermore, there is no maintenance of value clause in these loan agreements with the local governments.

Our studies indicate that there is greater demand by U.S. business in many countries for Cooley funds than have been made available by U.S. negotiators under Public Law 480. In the following countries demand for Cooley funds has often exceeded the supply:

Colombia, Peru, Chile, Brazil, Philippines, Taiwan (China), Turkey, and Finland. In the case of India, demand presently exceeds supply despite the fact that India has been the largest single recipient of Public Law 480 sales, a total of \$1.7 billion since the beginning of the program, of which 80 percent has been turned back to the Government, 48 percent in the form of loans, and 32 percent in the form of grants.

In the light of these facts, the impression is perhaps justified that the administration of section 104(e), since the Cooley amendment was added in 1957, has not lived up to congressional intent.

We feel it is desirable for Congress to clarify by new legislation what its intent is and has been in this matter.

COOLEY FUNDS FOR WORKING CAPITAL

The AID Agency which administers Cooley loans has established a policy in some countries that Cooley funds are not to be made available only for fixed investments and not for working capital requirements. This policy is the result of a lack of funds to meet demand, and therefore it has been necessary to place priority on fixed investments.

The Indian Government in particular, we are told, will not permit the use of Cooley funds for working capital. If more Cooley funds were available, this problem could be solved.

Senator McGOVERN. Mr. Danielian, we have got another rolloccall on. Can you let us interrupt you here for a few minutes and we will get the vote out of the way and come back and finish hearing your testimony. (A recess was taken.)

Senator McGOVERN. You can proceed, Mr. Danielian.

Mr. DANIELIAN. We pointed out that insufficient amounts of Cooley funds have been available to private business and that they have not been available for working capital.

COOLEY FUNDS AND BALANCE OF PAYMENTS

Now, one of the significant factors in using Cooley loans for private investment is in the area of balance of payments. The increased use of Cooley funds for U.S. business investments in underdeveloped countries, in addition to aiding their economic development, would also have a beneficial effect on the U.S. balance-of-payments problem. It would be responsive to section 105 of Public Law 480, which was amended last year in the Foreign Assistance Act, Public Law 88-205, by adding the following sentence at the end of section 105:

The President shall utilize foreign currencies received pursuant to this title in such manner as will, to the maximum extent possible, reduce any deficit in the balance of payments of the United States.

A study by a President's task force on increased foreign financing by U.S. corporations abroad, a task force appointed by President Kennedy which reported to President Johnson this spring, comes to this same conclusion, that specifically the use of Cooley funds for private investment abroad would help the U.S. balance of payments.

There is a third factor to consider in this connection. There is a proposal before Congress to give a 30-percent tax credit for invest-

ments in underdeveloped countries, but this tax credit would be available only to that portion of the investments which results in U.S. procurement.

That means that these companies, if they do want to invest money and expand their facilities abroad, must either use additional dollars for which they do not get tax credit, by converting them into local currencies, which will of course adversely affect the balance of payments, or if they are given facilities to borrow in the local area, then they could combine U.S.-procured dollar investments with local currency investments for the expansion of their enterprises.

So there is no question that the use of Cooley funds for private investment would help the U.S. balance of payments, and it would be consonant with the idea of creating economic development in the industrial field as much as possible in the private sector.

We recommend, therefore, that adequate Cooley funds for economic development in those countries where U.S. business has need of local currency loans be provided. The association recommended to the House Subcommittee on Foreign Agriculture Operations that a minimum of 25 percent of local currency equivalents be set aside for Cooley loan purposes in countries where there is a clear demand.

The House subcommittee, in its judgment, unanimously has amended section 104(e), by removing the 25-percent ceiling and replacing it with the following language:

Currencies shall also be available to the maximum usable extent.

The Committee on Agriculture has also indicated in its report to the House a strong endorsement of providing sufficient funds for Cooley loans where there is demand, and has indicated that the elimination of a ceiling of 25 percent is recognition of the fact that more than that amount should be made available where needed.

The committee report, just printed, has come to my attention, and I was just reading it, and perhaps it is relevant here to give a quotation from the committee report on this subject.

On pages 29 and 30, the committee states, and this is a report unanimously adopted by the House Agriculture Committee, according to my understanding:

In some countries there is little or no demand from private business for these loans. In other countries, the requests for loans substantially exceed the amount of currency available for this use.

Continuing to read from the recently issued House Agriculture Committee's report:

The committee believes that in some of these countries a higher proportion than 25 percent of the Public Law 480 currencies could profitably be used for Cooley loans and it has, therefore, included in this bill an amendment removing the 25-percent ceiling, with the expectation that this expanded authority will be used in proper cases.

The committee notes with disapproval that there are a few countries where the amount of currency reserved for such loans in the country agreements is less than the maximum authorized by present law and apparently less than the amount which could profitably be used for this purpose, as measured by business demand for such loans. Neither the business community nor the committee understands why this should be.

The committee suggests, therefore (1) that the President in negotiating title I agreements with other countries should make it clear to them that the Congress expects that there will be included in such agreements provision for the use of local currencies for section 104(e) loans up to the maximum, which he

estimates may reasonably be used profitably in that country, and (2) that in connection with the signing of any agreement providing for less than the maximum authorized by present law for such loans, the President should issue a statement informing the business community and the committee why the amount is less than 25 percent.

Our organization would be satisfied if the Senate concurred in this revision of section 104(e) by the House committee.

This, however, leaves a wide area of discretion to the negotiators, and administrators, of this program, and hence we urge the House and Senate Committees on Agriculture to keep this program under close scrutiny.

If experience should indicate that the program falls short of congressional intent, then it may be necessary later to amend further this section by writing into the law a mandatory allotment for Cooley funds as originally suggested by us to the House committee.

I think to be specific in this regard, I must say that we would prefer paragraph 3 on page 2 of H.R. 12298, the House bill, the paragraph 5 on page 3 of S. 2687, which merely eliminates the ceiling without giving any additional authority to the administration.

In view of the fact that they have failed to use the 25-percent-hoped-for ceiling in the past, just eliminating the ceiling does not augur well for expanded Cooley loan programs in the future. Therefore, we feel that a stronger statement, such as the House has added in its bill, paragraph 3 of page 2 in the House bill, would be preferable.

We strongly urge that the Senate committee in its report indicate also its intent to include working capital as one of the permissible uses of Cooley funds.

This concludes my oral statement, Mr. Chairman.

Senator McGOVERN. Thank you, Mr. Danielian.

Do I understand you correctly now to say that your recommendations which you have submitted here to the committee have been incorporated in the House bill?

Mr. DANIELIAN. Yes, sir.

Senator McGOVERN. And you are satisfied that your objectives—

Mr. DANIELIAN. We accept that language subject to the proviso that the administration must be kept under observation, and that in the future, if it turns out that they fail to provide funds in those instances where there is demand, then perhaps a stronger mandatory requirement may be placed in future legislation.

Senator McGOVERN. Is it possible that in those cases to which you have referred, where the 25-percent allowance has not been used, that the administrators of the program have not found feasible use for the total amount?

Mr. DANIELIAN. Well, of course in certain countries like Poland and Yugoslavia, there would be little opportunity to use funds for private investment. In other countries like India, there has been a great deal of it, but for some reason some of these Cooley funds have reverted back to the Treasury, and at the present time, as my statement—the full statement—indicates, we find ourselves with only \$18 million available in India, with demands up to \$32 million, which means that it is within the capacity of the administration to replenish the Cooley funds either from those funds that have been reverted to the Treasury, or by providing in future agreements a more liberal allotment to Cooley funds.

Do you have anything to add to this, Mr. Wise?

Mr. WISE. Only that the full statement indicates that there are six or seven countries in which the present demand for Cooley funds now exceeds the supply. The appended table 2 indicates in column D the percentages that have been set aside, country by country, to be made available for Cooley loans, and in column F the percentages which the actual amount by country that has been lent represents.

If you take a quick look at page 1 of table 2, and run down column D, you will see that the percentages that have been set aside for Cooley loans, not one of them has been up to 25 percent. The majority of them have been less than 20 percent, and in some of the critical countries, in Latin America where the funds are needed, you will see that the percents have been, as in the case of Peru, 16 percent made available; in the case of Colombia, 18 percent; in the case of Brazil, none; in the case of Chile, 2.3 percent; and always the amount that actually has been lent has been less than the amount that has been set aside by 3 to 4 to 10 percent.

Senator MCGOVERN. Can you shed any light as to why that is the case, as to why the full amount has not been used? Do you know why?

Mr. WISE. I think perhaps I may be able to shed some light.

In negotiating these agreements, the AID agency has certain priorities, and among them, as our testimony indicates, 63 percent has been turned back to the countries for economic development. When you add to that the U.S. use, that leaves small amount left for the private enterprise sector.

Mr. DANIELIAN. I think perhaps I can add a word to that.

Projects approved for Cooley loans must also receive the approval of the local government, and I think there are all kinds of possibilities there of delays.

Furthermore, in some countries it has been announced by the AID agency, as in Colombia, that no further applications are being obtained because there are insufficient funds. Therefore, people do not apply for these funds, since it would be quite useless. There have been discouragements, of course, in many countries, and people have just thrown up their hands.

Now what is the use of going through the expense of applying if there are going to be all these handicaps?

We recommend in our principal statement that the AID agency be required to keep a record of all applications, separating them of course between those approved and those disapproved, and the reasons for disapproval. But I think a record of all applications should be available. This would be the best measure of what demand there is for these funds.

Of course, not all applications will be qualified as sound projects, but if the applications are on file and the record is kept, it would be possible to evaluate how much demand there is for these funds.

At the present time there has been an air of discouragement and therefore the applications filed do not necessarily reflect the demand for these funds.

Senator MCGOVERN. I think in the case of the big India agreement of 1960, as I remember it, about 85 percent of those funds was committed for loans and grants and for economic development purposes largely in India; is that not correct?

Mr. DANIELIAN. Yes, in India it is about 80 percent as an average over the years has been turned back to the country.

Senator MCGOVERN. So there is not 25 percent left.

Mr. DANIELIAN. There is only 20 percent left, and of course of that, 10 percent was set aside for Government use. That leaves very little for other use.

Senator MCGOVERN. Senator Cooper, do you have any questions?

Senator COOPER. I have no questions.

Senator MCGOVERN. Thank you very much, Mr. Danielian.

Mr. Miller of the American Partners, Inc.

The Chair will announce now that the record will be kept open until Friday noon for any subsequent statements that anyone wishes to file.

Mr. Miller.

STATEMENT OF TOM HALL MILLER, PRESIDENT, AMERICAN PARTNERS, INC.

Mr. MILLER. Mr. Chairman and Senator Cooper, I am Tom Hall Miller, president of American Partners, Inc. I was a Government employee for 12 years, much of which time was spent in India, Pakistan, Ceylon, and Afghanistan. I resigned from the Government more than 2 years ago to develop this self-help plan, which proposes to generate broad public funds to augment Government seed moneys, and thus project the private enterprise concept in developing countries.

Seated with me is Khurshed Bhungara, assistant to the president of American Partners. Directors of our organization include: Ambassador Ellsworth Bunker, U.S. representative to the Organization of American States; Kalwey H. Johnson, management consultant; Carl Levin, public relations counsel; Robert H. Shorb of Pogue & Neal as legal counsel, and Samuel S. Spaulding of the U.S. Department of Commerce.

We are here today to summarize the American Partners program, which envisages partial use of so-called surplus currencies, and to propose consideration of new legislation which will double the value of portions of these local currencies in terms of accomplishment of U.S. Government objectives in some developing countries.

Briefly, the purpose of this nonprofit corporation is to assist nations by arranging loans between U.S. citizens and groups to worthy and talented foreign nationals, ranging from several hundred to several thousand dollars, to start and expand truly small business.

The corporation plans to establish an American representative—preferably a retired businessman—in a foreign country where operations are intended, to enlist the voluntary help of resident Americans to locate such worthy individuals, and to analyze and report feasible loan applications.

In the United States, these loan opportunities will be publicized through service clubs, industry and trade associations, and the general press to locate individual citizens or groups to sponsor each worthy applicant, much as Foster Parents does with orphans.

The corporation will act as agent for the lender and as a communications link between the American “partner” and the recipient “partner.” In view of the intent of the International Executive Service Corps to

provide technical assistance, American Partners presumably will abandon activity in that sphere that was originally intended.

Prior to forming American Partners, with the help of a number of associates, many of whom are career Foreign Service officers, I drafted a plan which I then circulated among a number of Government and industry leaders. In the interests of brevity of this statement, I have turned over excerpts of their comments to the clerk of this committee for the record, at the discretion of the chairman.

After incorporating their suggestions, we edited and circulated what has since become known as the American Partners plan. In December of last year when the President directed an intensive review of foreign aid, we proposed to AID that it provide the "seed" money needed to test this concept in two foreign countries.

This was well received by AID officials and, in fact, the Deputy Administrator, William S. Gaud, advised Senator J. W. Fulbright on March 25 that AID was—

actively exploring the possibilities of a pilot operation using excess rupees in India, and will consider helping send one of the American Partners to one or two countries in Latin America to explore a possible project with the American business community and the AID missions.

To provide the modest funds needed to accomplish this exploration, American Partners submitted a study proposal to AID. Though this was received with enthusiasm in early April, there has been no adequate response to this proposal during the 4 months intervening.

This morning, however, I received a call from an AID representative advising me that Mr. Peiser, who has said very good things about our organization and its program during hearings conducted by the House Foreign Affairs Committee, would set up a meeting shortly to discuss our proposals.

Nonetheless, we are beginning now operations on a limited basis. As a result of publicity which appeared in *El Comercio* in Ecuador and *El Universal* in Venezuela, we have received two loan applications for which we have located prospective "investing" American Partners. One application is from a medical doctor, who needs \$2,000 to expand his small drugstore and establish a clinic.

The second is from a couple who need \$1,000 to start a beauty salon.

We are beginning to investigate a third application from a skilled worker who hopes to start a sockmaking business. We have asked the publishers of these newspapers and the American ambassadors to act for us in these first two cases, as we have not yet been able to establish our own resident representatives in those countries.

We detail this so that the members of this committee may better realize how this program will fill an acknowledged vacuum by reaching directly to individuals in developing countries, and how this plan identifies the American benefactors. It is at this broad base that the economic and attitudinal impact is so sorely needed.

It is in this area, the area of the voluntary agencies and services, where this committee by new legislation may well be able to double the value of portions of its excess currency deposits in terms of accomplishment of U.S. Government objectives. CARE, the Catholic Relief Service, Church World Service, the Foster Parents' Plan, the Heifer project, Lutheran World Relief, Project Hope, and World Neighbors, Inc., are only a few of the worthy organizations which would likewise benefit.

Specifically, we propose that this committee consider legislation which will authorize the Government to match from excess currency deposits contributions made by American citizens and organizations to approved voluntary agencies and services for oversea projects.

Under this proposed legislation, the excess currencies will be allocated without the need for individual appropriations. It will, of course, be necessary to establish that the objectives of the country programs conducted by these voluntary agencies and services parallel the defined objectives of the U.S. mission in each specific country in point.

Mr. Chairman, and Senator Cooper, we very much appreciate this opportunity to report on American Partners and to place these views before you. We will further appreciate the advice and support of the members toward carrying out our program, and your consideration of the new legislation we have summarized herein.

Thank you again.

Senator McGOVERN. Mr. Miller, without objection, we will include in the record the attached statement from the two newspapers, as well as the supporting statements that you submitted, the mimeographed statement you submitted to the committee.

Mr. MILLER. Thank you, sir.

(The documents referred to follow:)

[From the New York Herald Tribune, July 26, 1964]

PARTNERS IN WORK

(By Joseph R. Slevin)

WASHINGTON.—Tom Hall Miller is a bespectacled, gray-haired former Government official who wants to make Horatio Alger heroes out of thousands of workers in India, Korea, Peru, Morocco and other underdeveloped countries.

It is an exciting idea and some day it may rank alongside the Peace Corps as one of the important breakthroughs in the U.S. foreign aid program.

Mr. Miller is proposing a private small loan program that will help capable workmen start their own businesses. Foreign aid experts call it a person-to-person program for Mr. Miller hopes the loans will go directly to foreign borrowers from American companies, foundations, and ordinary citizens.

"I come from Lock Haven, Pa.," Mr. Miller says. "I think of Milt Grossman who runs the ladies wear store and Ken Griffin who runs the woodworking plant. There's no question in my mind that Ken Griffin would start a man in the woodworking business."

Mr. Miller is stocky, 47, and enthusiastic. He spent 10 years promoting Commerce Department trade fairs, most of them in south Asia, then resigned 2 years ago to launch his small business plan. He calls the fledgling organization American Partners, Inc., and has six directors, including Ellsworth Bunker, U.S. Ambassador to the Organization of American States.

When Mr Miller talks about small loans, he means very small loans. He suspects that most would run about \$2,000 and that very few would amount to as much as \$5,000.

"No one is doing this now," he declared. "If you want a \$100,000 Government aid loan, it's fairly easy, but if you want to borrow \$5,000 it's just about impossible. There's nothing that reaches the man in the street."

Loan applicants will be chosen by a committee of resident American and local businessmen, and American Partners will find the needed funds for approved borrowers, Mr. Miller explains.

He hopes the lending American and the borrowing foreigner will establish a relationship like the bond that develops when an American supports a foreign child under the highly successful Foster Parents plan. "We originally talked about Foster Partners, but we decided that American Partners was a better name for our purposes," he says.

Mr. Miller thanks a Pakistani cab driver for inspiring the American Partners idea. He borrowed \$300 from a British bank in Karachi in 1955 to help the

driver make a downpayment on a cab. The driver paid off the loan ahead of schedule.

When Mr. Miller returned to Karachi 2½ years later, the driver owned 5 cabs, was paying off 2 more and had just received a contract to provide 40 cars for a meeting of the Southeast Asia Treaty Organization.

On another occasion, Mr. Miller says a \$750 loan arranged by Ford Foundation representative Dr. Douglas Ensminger gave New Delhi a prospering chicken and egg man. He started with a 300-egg incubator in 1959 and just recently replaced it with a 22,000-egg incubator.

"He's a real, honest-to-heaven small businessman," Mr. Miller declared.

"If we're going to promote private enterprise, there's no way of doing it better," he contends. "We're talking about the man who needs \$2,000 to start a paint factory or \$1,000 for a metal lamp shade factory—the mechanic who now spends all his life working for someone else because he can't find the money to buy the tools."

Mr. Miller hesitated a moment, "You know, Singer Sewing Machine Co. got started with a \$55 loan," he says.

[From the Washington Post]

WORKER PLANS OWN FOREIGN AID PLAN

(By B. D. Ayres, staff reporter)

A former Department of Commerce worker has staked his future—including his \$15,000 in retirement savings—on a plan to set up a person-to-person, grass-roots level foreign aid program sponsored by American businessmen.

The program, christened American Partners, Inc. by its 47-year-old founder, Tom Hall Miller, would use technical advice and small low-cost loans from U.S. businessmen and companies to set up small business men in developing nations.

Similar projects are under consideration by other groups and individuals as part of a growing effort to bypass the bureaucratic nature and effect of Government-sponsored aid.

The American Partners plan, Miller says, would complement but in no way replace U.S.-sponsored foreign aid programs. He says the plan would simply avoid the massive aid concepts in which funds almost always are used on large projects and seldom "trickle down" in recognizable form to the man in the street.

Few loans from American Partners would exceed \$5000 and most would be less than \$2000, Miller says.

Miller proposes to reach the foreign man in the street through the American man in the street.

Thus, to set up a radio repair service in Peru, American Partners would persuade an American businessman—preferably one associated with electronics—to loan a Peruvian the funds necessary for establishing a shop. Training would be provided through part of the loan or perhaps through an American Partners volunteer experienced in radio repair.

Because of the person-to-person nature of the American Partners plan, Miller thinks its impact would be "direct and immediate." He also thinks the plan would provide a better image of America than that provided by massive aid.

Among other attributes, Miller said, "this project will identify the American individual instead of the impersonal American dollar. It will create a new, small business class in developing countries and perhaps will lead to some joint ventures."

As an International Trade Fairs representative for the Commerce Department, Miller spent almost a decade overseas working with both company executives and shopowners in India, Pakistan, Afghanistan, Italy, and Ceylon.

Two years ago he resigned from Government work to devote full time to the American Partners concept.

In a year he spent his retirement savings and was forced to go back to work. He now is a public relations executive with Carl Levin Associates, one of the project's strongest supporters.

The impact of the American Partners plan, Miller says, will stem from two key points—low interest rates on loans and a provision to provide loans to men with business potential but not loan collateral.

Miller proposes to peg interest rates considerably below prevailing commercial rates, which exceed 30 percent in some countries. He says streamlined

administration and the nonprofit aspect of American Partners will aid in reducing rates.

The business potential of a man requesting a loan is to be determined by a local board composed of native businessmen and American businessmen stationed in the area. If approved, the loan request immediately will be forwarded to American Partners' U.S. headquarters at 1725 I Street, NW. and a search will be started for an American sponsor.

Miller now is attempting to acquire a \$10,000 grant from the U.S. Agency for International Development for a 2-month survey to prove the project's worth. AID officials informally have indicated that they would consider providing up to 50 percent of the initial operating funds for a worthwhile pilot program in two Latin American countries.

Miller is confident that if AID joined in support of the project's administrative costs, American business would be quick to follow.

[From the Evening Star, Washington, D.C., Mar. 30, 1964]

SMALL AID GROUPS FORMING TO COUNTER CRITICS' CLAIMS

(By George Sherman, Star Staff Writer)

Foreign aid supporters here are launching a counterattack against critics who charge that U.S. programs are too bureaucratic, too impersonal, and too vast.

The strategy is to take the criticism literally. Small, private aid operations are springing up here which require little or no Government financing and which aim at stirring the grassroots of underdeveloped countries.

These small programs do not seek the spectacular, but rather to supplement the billion dollar development programs which the United States works out with foreign governments. They call on native American enthusiasm and know-how to help create local incentives for progress which often are missed by the larger programs.

NEWEST RECRUITS

Two of the newest recruits are the Pan American Development Foundation, centered in the Pan American Union, and American Partners, Inc., which has still to find a home here. Both are classed as tax-exempt, nonprofit organizations under U.S. revenue laws.

American Partners, Inc., which is still in its infant stage, plans to establish small private enterprises by channeling loans from this country to little people abroad with talent but no capital.

"Nowhere is there an American-sponsored private sector program that reaches directly and effectively to the man in the street," says Tom Hall Miller, chairman of the board and founder of American Partners.

"Nowhere can individuals in developing countries obtain small loans to help them start truly small businesses, and to learn the lessons and benefits of the private enterprise system as practiced in democratic countries," he says.

PLAN GIVEN TO AID

His plan, together with a complete outline of organization has been presented to the Agency for International Development, several congressional committees and has been endorsed by such men as George D. Woods, President of the World Bank and Senator Fulbright, chairman of the Senate Foreign Committee.

Mr. Miller, 47, says the idea for American Partners grew out of an "accident" he and his wife had in 1955 in Karachi, the capital of Pakistan. They were traveling in the Far East for the U.S. Trade Fair program.

"Our driver asked us for a loan of \$300 worth of rupees to make a down-payment on his first taxi," Mr. Miller explained. "We went to the local British bank and I arranged to stake him to the money at the local interest rate. In 5 months the loan was repaid. Two years later, when I returned, he owned five taxis outright and was paying off two more."

EMPLOYS 11 PEOPLE

"He now employs 11 people and is providing sugar, tea, and rice for more than 150 refugees," Mr. Miller added.

In June 1962, Mr. Miller left the Government and put 1 year and all his retirement money into expanding the idea.

Today, American Partners has a board of six members, all respected businessmen in the Washington community.

They have approached AID for \$100,000 to cover the cost of running a pilot project in one country for a year. If that works, they want \$150,000 more the second year to cover expansion to a second country.

The group believes this \$250,000 will be the total needed, since after the first 2 years the program will generate its own loans and payment of costs from private U.S. citizens.

"We need the initial \$100,000 to begin operations here and in the country AID chooses overseas," said Kalway H. Johnson, management consultant and treasurer of American Partners. "We would use the money to open offices to get ourselves known to businessmen throughout the United States, and to form the basis for our first lending operations."

INDIA, PAKISTAN FAVORED

The plan calls for Mr. Miller to go to the chosen country—he leans toward India or Pakistan—to make contacts with the local and American business community.

He will ask these business representatives to recommend prospective candidates. With 50 applications in hand, American Partners will begin the search for "partners" in this country. They place no minimum on loans. The maximum sum would be \$5,000.

"If AID approves our application by April 1, I could be on my way in 48 hours," Mr. Miller says. "There are at least 81 countries around the globe crying out for the services of small businessmen which are taken for granted here. Why can't small businessmen here show them how?"

The Pan American Development Foundation, on the other hand, does not aim at private enterprise, but at going beyond governments to cooperation between the peoples of the hemisphere.

"Our objective is to provide an opportunity for the citizens of all the American States to become personally involved in the Alliance for Progress," says Dr. Jose Mora, Secretary General of the Organization of American States and chairman of the board of trustees of the foundation. That board also includes Dr. Milton Eisenhower, president of Johns Hopkins University and brother of General Eisenhower, and Dr. Alberto Lleras Camargo, former President of Colombia.

PERSONAL PARTICIPATION

The foundation presently is operating on funds from a \$5,000 grant of the Alfred Sloan Foundation in New York. Through such projects as supplying 1,000 pounds of seed peanuts to a new farmers' cooperative in the Dominican Republic, the foundation is stimulating a sense of personal participation in both parts of the Americas in social and economic progress.

The novelty of the foundation is that recipients of help do not pay back the donors. They give what they receive toward helping another cooperative or individual beginning operations. The aid does not go only from north to south. In each country of Latin America, businessmen, clubs, societies, and private foundations are being encouraged to band together in committees, to select projects and to supply 50 percent of the needed aid.

Experts in aid operations believe that such unspectacular but basic efforts in cooperation can well give foreign aid "the practical heart" which many of its critics now claim it lacks.

[From the Palm Beach Post, Feb. 20, 1964]

CURRENCY-USE PROPOSAL WOULD HELP FOREIGNERS

WASHINGTON.—A plan to use U.S.-owned foreign currencies to help worthy foreigners start small businesses was outlined yesterday to a House agriculture subcommittee.

The idea was proposed by Tom Hall Miller, president of American Partners, Inc., of Washington. Dollars put up by Americans here would guarantee loans made abroad in foreign currencies.

This country now has a program for disposing of surplus U.S. agricultural products abroad through barter, gift, or exchange for foreign currencies. The Agriculture Committee is considering a 5-year extension of this program.

Miller suggested that the committee, in its bill to extend the program, emphasize the intent of Congress to allow considerable executive discretion in promoting the broadest possible utilization of these foreign funds.

He also proposed consideration of a bill which would permit utilization of funds, from the foreign currency accounts owned by the United States, to match any money put up for loans by American nationals living in any foreign land where U.S.-owned foreign currencies were available.

American Partners, Miller told the committee, is incorporated as a District of Columbia nonprofit corporation, formed less than 2 years ago, to promote the private enterprise concept at the grassroots level in developing countries by recruiting the interest of U.S. citizens and organizations in giving financial and technical help to establish and expand small businesses in countries requiring such assistance.

The American Partners' plan proposes to enlist the participation of U.S. citizens, businesses, and civic organizations in fostering small business starts abroad by extending loans to talented nationals of developing nations who are unable to obtain necessary credit through regular commercial sources.

The proposal is designed, Miller said, to combat Communist advances in these countries by dramatizing the benefits of the American private enterprise system.

Americans living abroad would help select worthy nationals with ability to start small businesses. A board composed of such Americans would screen applicants and forward to American Partners the names of those it regarded as worthy.

American Partners would then publicize the applications to find persons or organizations willing to provide the necessary funds.

When American Partners begins operation in a country where U.S.-owned foreign currency is available and where convertibility of foreign currency into dollars is a problem, American Partners would apply to the Agriculture Department's Commodity Credit Corp. Here for an interest-free loan of the equivalent of perhaps \$500,000 to be used as loan capital, Miller said.

Each individual loan made with such money, he said, would be secured by a guarantee deposit of dollars in escrow in the United States.

"In this manner the need to transfer dollars into a recipient country and later repatriate them (dollars) will be minimized," Miller said.

The plan, Miller said, "will dramatize at the very grassroots level the benefits of the American private enterprise system by assisting development of private enterprise in developing countries."

IN SUPPORT

Many people in responsible positions throughout the world have expressed interest and confidence in the American Partners plan. A few opinions:

"I have read with great interest and, indeed, excitement your proposal for American Partners, Inc. I think it is one of the best ideas I have come across in many a day and I have every confidence that it can fill a most important need in our oversea activities.

"I am impressed particularly with the small sums of money involved and with the philosophy of aiding the little man * * *.

"I believe that this type of enterprise, coupled with American investment in larger industrial undertaking, would give the lie to those people who preach that the United States is only interested in seeing the African countries remain pastoral and agricultural * * *."

WILLIAM J. HANDLEY,
U.S. Ambassador to Mali.

"Your refined 'American Partners, Inc.' project arrived last week and at once I went into a huddle with my staff to see what guidance or comments we could give you on your refreshing idea.

"Various possible bugs were discussed, but none seemed to me to be sufficiently weighty to be passed on to you * * *.

"As far as the selection of Togo for your pilot project, you can be assured that I am with you 100 percent and would be delighted to have you try it out here * * *."

LEON B. POUILLADA,
U.S. Ambassador to Togo.

"I was very interested to learn of the establishment of this enterprise which, I am sure, will prove a great success * * *."

"I am confident Iran will be a most suitable country for your initial operations in the Near East * * *."

DR. A. MINAI,
Economic Counselor, Iranian Embassy, Washington, D.C.

"I have given careful attention to your proposal and have come to the conclusion that Venezuela should be an adequate country to test the operation of such a program * * *."

DR. LUIS VALLENILLA,
Presidente, Corporation Venezolana De Fomento.

"* * * We have in fact given consideration within the Department to requesting Congress to provide some seed money for this type of investigation and loans for initial operation of small enterprise abroad. But if this same technique could be achieved through private means, with the support of a nonprofit foundation, it would be all to the good * * *."

JACK N. BEHRMAN,
The Assistant Secretary of Commerce.

"I feel very strongly that encouraging small business in the less developed countries of the world is a very important objective, the usefulness of which goes well beyond the economic consequences of the development * * *."

"The problems of credit selection, character evaluation, and loan supervision are all difficult to do when dealing with small operation * * *. Mr. Miller's suggestion of a partnership arrangement is an interesting idea for overcoming these obstacles * * *."

MARTIN M. ROSEN,
Executive Vice President, International Finance Corp.

Father Daniel McLellan, the American missionary in Peru, who, a very few years ago, with only a few hundred dollars started a credit union now worth over a million dollars, comments as follows:

"Credit is necessary as you know for the development of a free enterprise system and social dignity of man. Credit through Government channels, if achieved, is done so after very, very long delays and it is a cold international banking operation which usually leaves both parties unsatisfied.

"* * * Your ideas are magnificent and very needed. My only suggestion is to put them into action as soon as possible."

A study of the American Partners' proposal undertaken by the Legislative Reference Section of the Library of Congress reported as follows:

"* * * in distinction from foreign aid programs currently in effect * * * the program is aimed at the development of the smallest units * * * the plan is not intended to supplant Government aid * * * will channel developmental assistance to a part of an underdeveloped economy which has thus far been by and large neglected.

"* * * impact in terms of economic development would be direct and would probably generate almost immediate results.

"* * * the person-to-person aspect as envisaged, rather than the impersonality of government-to-government aid, would create a definite awareness both at the giving and receiving ends that assistance is being given and would generate in the underdeveloped country a sense of individual and personal involvement in this assistance, as well as a clear identification of the United States and the American people as its giver, a point which impersonal Government aid despite its hugeness and publicity at times does not succeed in driving home among the rank and file abroad.

"* * * the utilization of American retired skilled workers * * * by small enterprises in underdeveloped countries could be a vital, if not giant, step forward."

INDUSTRY SUPPORT

"I am intrigued with your American Partners, Inc. It is the sound, practical, people-to-people approach that is desperately needed in this crazy, bureaucratic world. What can I do to help you with your API plan?"

E. S. WHITMAN,
De La Roza Corp.

"Your plan is certainly an interesting one and I'm sure that continuing efforts of this type will be of value in strengthening the position of free men throughout the world. As you are well aware, it's bound to be difficult to get something of this type going, but I would personally agree with the approach of getting some results before going to the public for money."

A. W. ELWOOD,
Senior Vice President, Food, Machinery & Chemical Corp.

"Your brief on American Partners, Inc., I found of great interest. I really believe it can, with proper help and guidance, work quite well. It might even become a milestone in new international cooperation."

JOHN FORNEY RUDY,
Assistant to Executive Vice President, the Goodyear Tire & Rubber Co.

"* * * The program seems to have merit. It is apparently a worthwhile endeavor, which, if successful and sufficiently widespread, should be of definite economic value to private enterprise in the foreign countries and foster much needed respect and good will for the United States."

W. T. PIPER, Jr.,
Piper Aircraft Corp.

"I can see some merit in the program you have in mind to promote the development of small businesses in countries requiring development assistance, but I am not informed sufficiently to evaluate how such a program might work. No doubt, this is something that would have to be coordinated and worked out in conjunction with some of our foreign aid programs * * *."

SPENCER T. OLIN,
Chairman, Olin Mathieson Chemical Corp.

"We have read your letter of November 2 proposing an organization which might be known as American Partners, Inc., with a great deal of interest. There is no doubt that this has a great deal of merit."

HARRY O. BERCHER,
President, International Harvester Co.

"Mr. Watson has asked me to answer your letter of November 1 about American Partners, Inc. It certainly sounds as though you have an excellent idea for helping really small businesses get started, especially in those areas where business opportunities are not as easily entered into and yet are required for the self-development of the countries involved. Your plan appears to be well thought out as far as starting in restricted areas in previously selected countries and using that record of success to generate the further funds required for additional growth."

H. D. CLAWSON,
Administrative Assistant, International Business Machines, Inc.

"The idea is certainly an imaginative one, and it would help to meet a genuine need in most of the underdeveloped countries where credit is available, generally, only to a small group of families or enterprises and where interest rates tend to be exorbitant * * *."

FRANK X. WHITE,
President, American Machine & Foundry Co.

"* * * I think your American Partners approach is extremely interesting and well worth an aggressive, well-planned effort * * *"

GEORGE D. WOODS,
President, International Bank for Reconstruction and Development.

"The proposal as you describe it certainly sounds worthwhile and to be a project which could prove of help to deserving individuals in the underdeveloped countries * * * I do know that a number of philanthropic foundations are interested in programs concerning the underdeveloped countries and you might want to look into the possibility of gaining support from one or more of them."

DAVID ROCKEFELLER,
President, the Chase Manhattan Bank.

"Mr. Grace particularly asked me to be of whatever assistance I can to you with regard to your plan * * * Mr. Grace told me he was very highly impressed with you and he wants to help all he can."

JOHN D. J. MOORE,
Vice President, W. R. Grace & Co.

"What you are trying to do seems to be an interesting thing and while it may possibly, to some extent, parallel the work of the newly formed International Executive Service Corps, I can see where you are dipping into what is probably a different level of oversea operations * * *"

"I am enclosing my own check which I hope will be of value to you in getting forward with your work."

FRED C. FOY,
Chairman of the Board, Koppers Co., Inc.

Senator McGOVERN. I think your proposal is an extremely interesting one. The objective is certainly a praiseworthy one as far as I am concerned.

As I understand it, it is designed to encourage the development of a stronger middle class in the countries that we are trying to assist, and particularly to encourage small business enterprise in these countries with the support of the private citizens in this country; is that correct?

Mr. MILLER. That is correct, sir.

Senator McGOVERN. I think it is a most interesting proposal and one I hope the committee will look at very carefully.

Senator COOPER. I join with you in your comments. It seems to me that several years ago some man from out West went to India and tried to set up such a program as this by himself with his own funds.

Mr. MILLER. Yes, sir.

Senator COOPER. He probably decided that he needed more resources. I think the idea has merit.

Senator McGOVERN. I was talking with a gentleman the other day who has spent a great deal of time in Venezuela during the last 15 or 20 years, Mr. Milo Perkins, who is known to many people.

Mr. MILLER. Yes.

Senator McGOVERN. He makes the statement, and I have heard him make it repeatedly, that the kind of thing that you propose here is a most urgent need in Latin America today. If we could find some way of encouraging and forwarding small business development, encouraging these little entrepreneurs who are trying to operate a taxi business or a shoe repair shop or a small retail establishment, that it would not only contribute to the economy of those countries, but we would provide the economic base that makes political democracy stronger and more hopeful. So I want to commend you for your efforts in this direction.

Mr. MILLER. Thank you.

I had discussion about this with Mr. Perkins some weeks ago, and one of the suggestions he made was that we investigate to determine whether in some cases the loans should not be repaid on a percentage of the volume of business each month rather than on a fixed rate, which is certainly one of the things we will try out eventually.

His feelings was that if there is so much which must be met in spite of seasonal ups and downs of a little business, that it might be impossible for some of the people to make each monthly payment, and that it might be easier for them in that kind of a business to use a percentage

of monthly income rather than a fixed rate of return. He was most encouraging to us about this.

Senator McGOVERN. Thank you very much, Mr. Miller.

Mr. MILLER. Thank you, sir.

Senator McGOVERN. I believe that completes our list of witnesses, but the hearing record will remain open until Friday noon for any additional statements.

(Whereupon, at 4:30 p.m., the committee adjourned.)

(Additional statements filed for the record are as follows:)

STATEMENT FILED BY HON. JACOB K. JAVITS, A U.S. SENATOR FROM THE
STATE OF NEW YORK

I appreciate this opportunity to submit a statement in support of my bill, S. 1498, which would amend section 304(a) of the Agricultural Trade Development and Assistance Act of 1954 to (1) provide for the use of title I of the act for "alternative marketing and purchasing opportunities" to assist friendly nations to be independent of trade with the Soviet bloc and (2) add areas and nations dominated or controlled by the Communist regime in China to the countries from which the United States would seek to assist friendly nations to be independent in their trade.

This bill is designed to strength U.S. policies to lessen the dependence of non-Communist countries trading with the Soviet bloc. Experience clearly indicates that Soviet bloc trade with developing nations is designed to disrupt the rational movement of trade between the industrialized West and the new nations seeking economic development. Opportunities for such disruptive operations are ever present. While we are assured by the Departments of Agriculture and State that considerable use is made of title I, Public Law 480 authority to assist friendly nations to be independent of trade with the Soviet bloc through the sale of surplus agricultural commodities for local currency, we must constantly press for new methods which would make the use of this authority more effective.

The present language in section 304(a) states only that the President shall exercise the authority contained in title I of this act to assist such friendly nations to be independent of trade with the U.S.S.R. or its satellites without specifically stating how such assistance may be carried out.

The Departments of Agriculture and State object to the first provision on the ground that the addition of the proposed language would raise practical difficulties in that it may give rise to the belief in friendly countries that the United States is about to embark on a major campaign of preemptive buying of commodities throughout the world by the use of title I proceeds. I believe this problem could be avoided by deleting the words "provisions for" on line 6 of S. 1498 and substituting therefore the words "assistance toward planning for." Such language would make the intention of the United States entirely clear: it would stand ready to assist friendly nations to be independent of trade with the Communist bloc of nations by assisting them to find alternative markets for products they may be compelled to dispose of in the Communist bloc. If a developing nation runs into trouble with any Communist-bloc or Communist-bloc-dominated nation, because it is taking a pro-Western position, such a provision in the act would make it possible for the United States to assist such countries to find markets for their products in Western Europe, in the United States or elsewhere in the free world through such means as the provision of market information, marketing experts and possibly the use of credit.

Also, I urge the committee to give favorable consideration to the inclusion of the provision which would add areas dominated or controlled by Communist China to section 304(a) of the act. The inclusion of this provision in the act has the favorable support of both the Departments of Agriculture and State as they consider this change as useful and desirable and entirely consistent with U.S. policy.

STATEMENT FILED BY WALTER A. HASTY, JR., ASSISTANT DIRECTOR,
LEGISLATIVE SERVICES DIVISION, NATIONAL FARMERS UNION

Mr. Chairman, members of the committee, I sincerely appreciate this opportunity to appear before you today on behalf of the more than 750,000 family farm members of National Farmers Union.

On behalf of these members who are truly farmers, I urge your support of a 5-year extension of titles I and II of Public Law 480.

You, Mr. Chairman, along with the members of your committee are due a vote of thanks by farmers and city people alike for the contribution you have made to the utilization of our abundant food and fiber. The positive concept of using our food abundance as a weapon for peace in a hungry world as contrasted with the concept of a surplus disposal operation has stimulated many significant accomplishments.

We are very pleased that the President and the Secretary of Agriculture have made it clear that they view agricultural abundance as a national blessing and they have and continue to use this abundance under the food for peace program in a positive manner.

The program has operated on a substantial basis since 1954 but the short-term extension of the law has severely limited our ability to plan ahead. We have not been able, therefore, to use food and fiber to the extent that we believe possible as a tool for promoting economic growth and development in the many areas of the world where it is badly needed. A 5-year extension is desirable, we believe, because programs can be planned further in advance and commodities moved in a more orderly manner. It will help the underdeveloped countries because they can plan ahead and make much more judicious use of the commodities to feed their population and the foreign currencies generated for economic projects.

We further believe it is more practicable for the United States and foreign countries to make plans over a longer period of time so that more extensive use can also be made of transportation, storage and distribution facilities.

We believe most of all that the merits of the program based on its past accomplishments warrants this 5-year extension.

We, therefore, urge you to give this proposal favorable consideration.

In closing, Mr. Chairman, I want to thank the committee for the leadership that you have given to what has come to be fondly referred to, as the best known food label in the world, "Food for Peace."

STATEMENT FILED BY KEN KENDRICK, EXECUTIVE VICE PRESIDENT,
NATIONAL ASSOCIATION OF WHEAT GROWERS

Mr. Chairman, I am pleased to have this opportunity to appear before the committee in behalf of the extension of titles I and II of the Agricultural Trade Development and Assistance Act of 1954.

Public Law 480 has been a success by almost any yardstick by which it is measured. It has reduced surpluses of agricultural commodities, and strengthened farm income.

It has been a stimulus to business and the U.S. economy. It has produced thousands of jobs on farms, in export firms, in processing plants, and businesses all over the country that serve farm communities.

The matter of the extension of Public Law 480 is of vital importance, not only to the economy of the United States, but also for economic as well as social and political development of nations with whom we trade.

Not to extend the life of Public Law 480, or to phase it out too rapidly would be denying many nations the opportunity to grow and develop that we gave to Italy, Spain, Germany, Japan, and others when they so desperately needed help. These nations have become some of our strongest allies, as well as our best dollar customers.

The economy of the United States in general, and agriculture in particular, is becoming more and more dependent upon foreign trade. Public Law 480 was responsible to a large degree for the rapid postwar recovery of many nations. It is just as necessary at this time to fill the needs of the many emerging nations throughout the world.

American wheat producers have practiced considerable restraint in the planting and production of wheat during the past several years, and without the use of Public Law 480, our wheat surpluses would have undoubtedly reached unmanageable proportions, thereby causing unduly low returns to wheat producers, and adversely affecting many other segments of our economy.

We must have a market for the things we produce. A great many of our markets have been developed through this instrument. Failure to extend Public Law 480 at this time would be disastrous to our agriculture, our balance of pay-

ments, and to millions of people throughout the world upon whom we depend and who depend upon us.

The National Association of Wheat Growers feels that it is imperative to extend Public Law 480 for the following reasons :

1. To continue to boost the expansion of markets for our agricultural products, and by so doing, maintain a sound and healthy American agricultural economy as well as assist in our balance of payments.

2. Strengthen the economy of less developed countries and provide them with the incentive to resist aggression.

3. Create good will for the United States from the countries we are helping to feed and aid them in approaching economic stability.

4. Showing uncommitted countries that free U.S. agriculture is more efficient than regimented Communist agriculture.

American agriculture cannot stand still. We cannot reverse the forces of efficiency and technology that have developed in agriculture in recent years without serious injury to our entire economy. The fact is that American agriculture simply has the ability to produce more than the market will take, in spite of the fact that many commodities have made substantial reductions in the acreage sown in recent years. Public Law 480 has served agriculture and the Nation well the past 10 years. The National Association of Wheat Growers recommends its extension.

WASHINGTON, D.C., August 12, 1964.

HON. ALLEN J. ELLENDER,
Chairman, Senate Committee on Agriculture and Forestry,
U.S. Senate, Washington, D.C.

DEAR SENATOR ELLENDER: Since the inception of the Agricultural Trade Development and Assistance Act of 1954, the National Cotton Council has supported the legislation as a temporary means of disposing of current agricultural surpluses and as a basis for aiding friendly countries which do not have sufficient dollars to finance their import requirements of cotton. The delegate body of the council passed the following resolutions with respect to Public Law 480 at the council's last annual meeting in Biloxi, Miss., January 27 to 18, 1964:

- (a) That the council reiterate its belief that, in view of the continuing critical imbalance of foreign payments, U.S. foreign aid programs, especially Public Law 480, should be examined critically and, to the maximum extent possible, assistance to foreign countries should be extended through self-liquidating dollar credits, as in most cases exports for foreign currencies do not help our balance-of-payments situation to any significant degree.

- (b) That the council reaffirm its previous decisions to stimulate exports of U.S. cotton * * * by supporting the use of a reasonable amount of Government funds for * * * market development programs abroad in accordance with current provisions of law.

- (c) That the council call attention to the fact that shipments of cotton under Public Law 480 are frequently processed in third countries, and urge that as large an amount as possible of such processing be carried out in the United States.

The council considers that Cotton Council International's programs to promote the consumption of cotton and cotton products in foreign countries have been highly effective. These programs have been, and are being, undertaken in collaboration with the U.S. Department of Agriculture pursuant to a provision of Public Law 480. We hope that the cooperative cotton market development programs abroad can be continued. In view of this, we urge that the market development provisions of Public Law 480 be continued without impairment.

Furthermore, the council considers that it would benefit the U.S. textile industry and the U.S. economy if as large an amount as possible of Public Law 480 cotton which is approved for processing outside a recipient country was authorized for processing in the United States. Consequently, we hope that the Public Law 480 program can be designed or administered to accomplish this worthy objective.

We respectfully request that this letter be included in the records of your committee, so that our views will be known by the other members of your committee. Favorable consideration of our position would be greatly appreciated.

Sincerely,

CARL C. CAMPBELL,
Assistant Director, Foreign Trade Division, National Cotton Council of America.

WASHINGTON, D.C., AUGUST 12, 1964.

HON. ALLEN J. ELLENDER,
Chairman, Committee on Agriculture and Forestry,
U.S. Senate, Washington, D.C.

DEAR SENATOR ELLENDER: Public Law 480 has, since 1958, included a special provision, applicable only to cotton products, which effectively prevents U.S. textile mills from participating in the processing of 480 cotton. That provision reads as follows:

"*Provided*, That that portion of the sales price of such products which is financed as a sale for foreign currency under title I of the Act shall be limited to the estimated portion of the sales price of such products attributable to the raw cotton content of such products."

The result has been that low-wage countries—chiefly Japan—have received all of the business resulting from third-country processing of 480 cotton. In fiscal 1963, for example, 155,000 bales of 480 cotton were involved in triangular processing deals. Recipient countries were Vietnam, Indonesia, and Burma, with Japan processing 115,000 of the 155,000 bales.

We urge that the language discriminatory against the U.S. textile industry be stricken in the Public Law 480 renewal authority now before your committee. We further request that U.S. processing be made mandatory in the future. This would create many additional jobs in the American textile industry.

Respectfully,

R. BUFORD BRANDIS,
Foreign Trade Director, American Textile Manufacturers Institute.

AUGUST 11, 1964.

HON. ALLEN J. ELLENDER,
Chairman, Committee on Agriculture and Forestry,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: The American Maritime Association, representing owners and operators of American-flag vessels which rely heavily upon cargo financed under Public Law 480 for their survival, opposes legislation contemplated under paragraphs (2) and (6) (u) of S. 2687.

Paragraph (2) of S. 2687 would amend section 102 of Public Law 480 by adding the following:

"The Commodity Credit Corporation shall finance freight charges under this section only to the extent that such charges are higher (than would otherwise be the case) by reason of a requirement that the commodities be transported in United States-flag vessels."

Under the terms of this provision, the financing of ocean freight by the Commodity Credit Corporation would be restricted to the amount of the differential between U.S.- and foreign-flag rates. This would require the purchasing country to pay for ocean freight services in dollars, at least up to the world market rate, since services must be paid for in usable currency. The result of this may very well be a reduction of agricultural sales, since some purchasing nations may be unable to pay hard currencies for ocean transportation. Certainly if this occurs the objective of Public Law 480 would be blunted, with both the agricultural and shipping segments of our economy suffering huge losses. The loss of agricultural cargoes by the U.S. merchant marine would deprive it of vital cargoes necessary for its survival.

S. 2687 would also amend section 104 of the existing law by adding the following:

(u) For the sale for dollars to privately owned U.S.-flag commercial vessels for use in paying port fees, unloading, lightering, and other necessary expenses in foreign ports in connection with the carrying of cargo under this act and section 9 of the act of September 6, 1958.

Traditionally the ordering and utilization of services necessary in the performance of ship delivery functions abroad is subject to the control of the shipowner, whether he be American or foreign. Should the proposed legislation be enacted the moneys to be paid abroad for these services would be in local foreign currency. As a result there is a strong possibility that the control over the above-mentioned services would pass to the provider of the service rather than to the ship operator.

Longshore service, berthing privileges, and the use of specialized equipment in foreign ports is now paid for in convertible currency. Should American-flag vessels be forced to pay for these services in inconvertible foreign currency

while foreign-flag vessels continue to pay in hard, convertible currency it is quite likely that U.S.-flag vessels will end up being serviced last. In view of the fact that many of the ports where title I Public Law 480 cargo is being discharged are often congested and subject to many delays, the effect on U.S.-flag vessels would be disastrous. Should such delays occur higher costs will result. American-flag vessels would then be forced to pass these added costs on in the form of higher freight rates.

In view of the problems which would ultimately arise should sections (2) and (6) (u) of S. 2687 be enacted, the American Maritime Association urges the Senate Committee on Agriculture and Forestry to reject the aforementioned sections in their consideration of S. 2687. The American Maritime Association requests that its views be incorporated in the hearing record.

RAY R. MURDOCK,
Legislative Director, American Maritime Association.

STATEMENT FILED BY C. EDWARD BEHRE, POLICY COMMITTEE,
FRIENDS COMMITTEE ON NATIONAL LEGISLATION

My name is C. Edward Behre, 2 Gahent Road, Alexandria, Va. I am appearing as a member of the Policy Committee of the Friends Committee on National Legislation to support the revision and extension of Public Law 480 (the Agricultural Trade Development and Assistance Act of 1954). This testimony has been prepared in cooperation with E. Raymond Wilson, executive secretary emeritus of the FCNL, who had expected to testify had the hearings been held last week as originally scheduled.

The Committee on Agriculture is well aware that the Friends Committee on National Legislation does not claim to speak for all Quakers in the United States. Nevertheless, the Friends Committee is widely representative of Friends in this country, and, on the question of maximum use of our agricultural abundance for humanitarian purposes throughout the world, Friends are as nearly united as they are on anything. The FCNL supported the general purposes of this legislation even before Public Law 480 was enacted 10 years ago. On various occasions it has worked strenuously for various amendments which have broadened the application of this act.

We now wish to make five proposals for making this law more clearly and effectively an instrument of foreign policy for the promotion of human welfare and world peace.

I. RESTATE THE PURPOSE

Originally this law was directed almost exclusively toward the relief of American agriculture by disposal of agricultural surplus. In recent years the concept of food for peace has been increasingly emphasized. However, the purpose of using our agricultural abundance as an instrument of foreign policy for the promotion of human welfare and world peace can be stated more clearly and without equivocation.

May we suggest that the title and section 2 be amended to read somewhat as follows (proposed preamble for Public Law 480) :

"An act to use American food and fiber to improve foreign relations of the United States, to relieve human hunger and to promote economic and social development throughout the world, to expand international trade, and for other purposes.

"Be it enacted, etc.

"SEC. 2. It is hereby declared to be the policy of Congress to expand international trade among the United States and other nations; to facilitate the convertibility of currency; to promote the national welfare and the economic stability of American agriculture by making maximum use of American agricultural abundance for the relief of human hunger and the promotion of adequate nutrition, for economic and social development, and for expansion of economic agricultural production in other countries, including its use in furthering the efforts and programs toward these ends of the United Nations, its specialized agencies and affiliated organizations; to purchase strategic materials; to pay U.S. obligations abroad; and to foster in other ways the foreign policy of the United States."

In similar vein, we suggest that the justification for the humanitarian donation provisions of title III should be on a more statesmanlike basis than the-

present wording. The present wording of section 302 makes it appear that the United States is only interested in barter and donation of agricultural commodities as a means of preventing waste. For your consideration we suggest the following:

"SEC. 302. Section 416 of the Agricultural Act of 1949 is amended as follows:

"SEC. 416. Recognizing that current world trends in population and food production present the United States with a unique opportunity and responsibility to use its agricultural abundance and productive capacity for the relief of human distress and to further economic development around the world, the Commodity Credit Corporation is authorized, on such terms and under such regulations as the President may deem in the public interest: (1) upon application, to make agricultural commodities that cannot be disposed of in normal domestic channels or sold abroad at competitive world prices, whether in private stocks or acquired through price-support operations, available to any Federal agency for use in making payment for commodities not produced in the United States; (2) to barter or exchange such commodities * * * etc." (The remainder of the section would remain unchanged.)

To further strengthen the humanitarian purposes of the act we also suggest deletion of the word "emergency" from the first sentence of section 201. This section is sufficiently qualified without adding the difficulty of construing the meaning or duration of an emergency.

II. TAKE FOOD OUT OF THE COLD WAR

A world at peace should be the primary objective of civilized man. Almost as important for this objective as the necessity of avoiding nuclear war and achieving disarmament under world law is the urgency of ending the cold war.

What has been done through Public Law 480 in sharing American food with 100 million people in over 100 countries is unparalleled in human history. But it is not an achievement on which the United States can rest with selfish pride and satisfaction. It ought to humble every one of us that God has blessed us with a country rich in land, in power, in technology, in favorable climate, in a large measure of freedom, and in a people characterized by industry and initiative.

While the United States should seek to cherish, nourish, and expand democratic ideas and institutions, is it not high time to cease using food as a weapon in the cold war? When Christians pray, "Give us our daily bread," is it not clear that "us" must refer to all the children of God? As a nation do we choose to flout the New Testament injunction, "If thine enemy hunger, feed him"?

Yet under Public Law 480, use of our agricultural abundance abroad is focused, with only one exception, on "friendly nations." And in two places in the law transactions with the U.S.S.R. and areas dominated by a Communist regime are specifically prohibited.

The Communist part of the world, because of a variety of reasons, tends to be a food deficient area. Part of their trouble is climate, such as recurrent drought in Siberia and typhoons in China. Part is due to the slowdown in agricultural production as a result of the communization of farms. Part is due to rapidly increasing population. Whatever the cause of food shortages, the people in these countries, including Russia, China, and Cuba, are our fellow men. Many of them are unwilling captives of a totalitarian system. Such regimes should never have an excuse for expansionist policies in order to have access to food. In the elemental need for food, humanity is one family.

The United States has recently recognized, at least indirectly, a moral responsibility in this direction by authorizing the sale of wheat to Russia to ease the current food shortage in that country. Now, by appropriate amendment so that our agricultural abundance may be used to promote the objectives of Public Law 480 anywhere, our country has the opportunity to make clear to the world that we did not take this step away from the cold war solely for monetary reasons, but that we are sincerely interested in people under whatever regime they may live.

The Friends Committee urges that Public Law 480 be carefully edited to eliminate all reference to dealing exclusively with "friendly nations." By the same token, we urge, that section 107 and section 304 (a) and (b), which prohibit dealing with the U.S.S.R. and other Communist-dominated areas, be deleted.

By so doing the Congress would end an arbitrary obstacle to the use of

agricultural products for the healing of the nations. Our hearts, our consciences and our tradition tell us that such use, when feasible and appropriate, will be in the best interest of humanity.

III. USE OF FOREIGN CURRENCIES TO PROMOTE FAO AND OTHER U.N. PROGRAMS

Under section 104 the President may enter agreement with "organizations of nations" to use foreign currencies accruing under title I of the act for a variety of purposes, many of which parallel purposes and programs of the United Nations, its specialized agencies and affiliated organizations. However, as far as we know, no U.S. contributions for the programs of the Food and Agriculture Organization or other U.N. agencies come out of the currencies generated by title I transactions.

Because the long-range world food outlook is so critical and because the burden of meeting human needs will fall ever more heavily on the United States, it will be increasingly in the national interest, as well as crucial for the general welfare of mankind to improve agricultural production in underdeveloped countries and to encourage better nutrition of people in food-shortage countries. These are objectives toward which the Food and Agriculture Organization is working.

For fiscal 1963 the FAO received from U.S. general appropriations (not from Public Law 480) only \$4,669,000, plus an additional \$1,075,800 for the U.N. expanded technical assistance program. Would it not be in the spirit of the freedom from hunger program to increase our contribution to FAO and related U.N. programs by authorizing the President to allocate to them, for use in countries where unused balances exist, some of the foreign currencies generated under title I?

IV. MAKE TITLES I AND II PERMANENT

We suggest that it would be in the national interest to assure the world of the sustained intention of the United States to work for world peace and to play its rightful part in the world struggle against hunger, by making titles I and II of Public Law 480 permanent. This would mean removing time limitations on the applicability of these titles, by deletion of section 103(b) and section 204. It would also require change of language in the first sentence of section 203.

Elimination of section 103(b) would involve removal of the dollar limitation also. We think this is desirable because, according to the report of the Director of Food for Peace, sales under title I in 1962 had already reached the rate implicit in the current dollar limitation. With huge stocks still in storage, we doubt that opportunities for further constructive expansion of the program have been exhausted.

If your committee cannot see its way clear to put titles I and II on a permanent basis, we urge that, as a minimum, they be extended for 5 years with appropriate lifting of the ceiling for sales under title I and reconsideration of the annual dollar limitation in title II, section 203.

We hope that dollar limitations in various subsections of section 104 are also being reexamined to be sure that none of these worthwhile channels for using foreign currencies accrued under title I is crippled by arbitrary limitations established in earlier years.

V. AUTHORIZE PAYMENT OF INTERNAL FREIGHT ABROAD

At present there is authority in section 203 for payment of ocean freight on commodities transferred under title II or section 416 of the Agricultural Act of 1949. Only in the case of reaching points of entry in landlocked countries is payment of overland transportation abroad authorized.

In principle it is desirable that people, when in a position to do so, make some contribution in effort, money, or work for benefits received, but title II is directed toward two great purposes. One is to respond to great natural disasters such as floods, prolonged drought, typhoons, earthquakes, or other circumstances beyond control. The other is to further economic development in disadvantaged areas of the world. We can conceive of situations of extreme urgency where it might be desirable for the President to have discretionary authority, similar to that which he now has with respect to ocean freight, to cover the cost to transportation to inland points of distribution. This is now done with military aid. Is food for people in distress less important than guns and bombs?

To implement this we suggest inserting in the next to last sentence of section 203, after the word "to designated points of entry abroad", the word "or, in

cases of extreme urgency, from United States ports to inland points of distribution abroad.”.

In closing may we say that, as Americans, we are proud of the tremendous and unprecedented contribution which our country has made to human welfare and economic development under Public Law 480. This, we believe, ranks among the world's most notable pieces of humanitarian legislation. We commend the Agriculture Committee and the Congress for its careful study and sponsorship of this legislation over the years.

We believe the recommendations we have made for improving this act merit your sympathetic consideration. We want to feel sure that the fruits of our country's God-given resources and its productive achievements are put to use wherever needed for human welfare.

STATEMENT FILED BY HERMAN WILL, JR., DIVISION OF PEACE AND WORLD ORDER,
GENERAL BOARD OF CHRISTIAN SOCIAL CONCERNS OF THE METHODIST CHURCH

Mr. Chairman, members of the committee, I am Herman Will, Jr., a staff member of the Board of Christian Social Concerns of the Methodist Church. I am presenting this statement on behalf of the Division of Peace and World Order of the Methodist Church.

The General Conference of the Methodist Church, which meets quadrennially, stated in 1964: “The desperate unmet needs of people in this world are of grave concern to Christians. * * *

“We believe that economic assistance, which seeks to make the benefits of scientific advance and industrial progress available for the improvement of underdeveloped areas is an example of both Christian love and practical international brotherhood.”

In view of this statement, we favor the extension, expansion, and where desirable, the amendment of Public Law 480 in order that even larger quantities of surplus foods may reach human beings in need through either governmental or nongovernmental channels. We would like to encourage a long-range program, even beyond the 5 years recommended by the administration, until the newly independent and developing countries are able to depend on their own efforts to provide adequate food and a decent standard of living.

While disposal of surplus food has been a benefit to the American farmer and the American taxpayer, we might well consider going further in our Christian concern and sharing some of the foods which have not become surplus, but which are sorely needed to overcome malnutrition in many parts of the world.

We would approve of an emphasis, either in the preamble or in the bill itself, upon the rationale of the program being one which primarily seeks to meet the world's hunger needs rather than being largely one of surplus disposal. This we believe to be consistent both with the Christian Gospel and the Methodist general conference statement. Such a rationale would tend to make more specific Secretary Freeman's excellent general statement when he recently referred to the program as an expression of “the high moral purpose of the people of the United States.” We also wish to note our agreement with Church World Service in changing their slogan from “Share Our Surplus” to “Share Our Substance.”

Our general conference further stated: “All programs of * * * economic aid should be designed to benefit the peoples of underdeveloped countries and their economies rather than to serve political * * * purposes.” Therefore, our explanation of general conference action is that we would generally favor, under title II, the possible use of surplus food for the people of Communist countries where there may be a continuing hunger need as well as in emergency situations. In other words, we would like to see food used, not as a political weapon in the cold war, but as an instrument of good will for all peoples.

We would recommend that food for peace be used increasingly to strengthen multilateral programs, particularly those of U.N. agencies, rather than that it consist largely of bilateral programs.

Our general conference has declared in its statement of 1960: “We sincerely acknowledge the liberal contribution by the United States * * * of food * * * to benefit the underdeveloped areas of the world.” We take great pleasure in the knowledge that, as Secretary Freeman has pointed out: “We are now pro-

viding school lunches for 40 million children * * * in over a hundred countries * * *."

As Christians, we support the program basically because Christ said: " * * * for I was hungry and you gave me food * * * as you did it to one of the least of these my brethren, you did it to me."

JESUIT COLLEGE,
St. Bonifacius, Minn., July 19, 1964.

Senator ALLEN J. ELLENDER,
Senator Office Building,
Washington, D.C.

DEAR SENATOR ELLENDER: The following news dispatch was sent from Santiago, Chile, recently by means of the National Catholic Press service.

"Cardinal Silva of Santiago has proposed to the U.S. Government a change in the law governing the distribution of U.S. surplus agricultural products.

"Up to now the U.S. surpluses have been distributed absolutely free to indigent families. Cardinal Silva is president of Caritas International, worldwide Catholic charity organization which cooperates with Catholic Relief Services-National Catholic Welfare Conference in the distribution.

"Cardinal Silva proposes that the surplus food also be sold at half its market value to families of modest means. The money thus received would be used for maintaining housing cooperatives, building schools, and other community projects, according to Cardinal Silva."

The facts of this case boil down to this:

(1) U.S. surpluses are currently being distributed in Chile free of charge to destitute families.

(2) U.S. surpluses could be distributed at about half their market value to families who are not destitute, but who have not much money to buy food at the full market price.

(3) The resulting income could be used in Chile for social projects which are badly needed.

I have been reading in the paper of the upcoming election in Chile, which is seen as a fight between Catholic Social Democrats (liberals who favor land reform) and Marxists Socialists (radical liberals who would fashion a second Cuba in Latin America).

Programs such as this one proposed by Cardinal Silva will go a long way toward peaceful settling of economic crisis. Much of Chilean land is unarable so they have been forced to import most of their food in the past few decades.

I sincerely hope that you as chairman of the Senate Agriculture and Forestry Committee will attentively consider the needs of the Chilean nation and approve an extension in surplus distribution to include families of low income who can pay a portion of the market price.

I would appreciate a reply from you indicating your stand on this matter.

Yours truly,

DONALD SCHALLAU.



ADMINISTRATION OF 1963 FISHERY AMENDMENT TO PUBLIC LAW 480

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BEFORE THE

SUBCOMMITTEE ON
FOREIGN AGRICULTURAL OPERATIONS

OF THE

COMMITTEE ON AGRICULTURE
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH CONGRESS

SECOND SESSION

FEBRUARY 27, 1964

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ADMINISTRATION OF 1963 FISHERY AMENDMENT TO PUBLIC LAW 480

THURSDAY, FEBRUARY 27, 1964

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON FOREIGN AGRICULTURAL OPERATIONS
OF THE COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met, pursuant to recess and subsequent postponement, at 10 a.m., in room 1310, Longworth House Office Building, Washington, D.C., Hon. W. R. Poage (chairman of the subcommittee) presiding.

Present: Representatives Poage, Jones of Missouri, Harding, Matsunaga, Dagne, and McIntire.

Also present: Representative Duncan.

Hyde H. Murray, assistant clerk; John J. Heimburger, general counsel; and Robert Bruce, assistant counsel.

Mr. POAGE. The subcommittee will please come to order.

Our colleague, Congressman Stanley Tupper is with us, and I understand that you want to make a statement. We will be glad to hear from you now.

STATEMENT OF HON. STANLEY R. TUPPER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MAINE

Mr. TUPPER. Mr. Chairman and members of the subcommittee, I would like to associate myself with my colleague from the State of Maine, Congressman Cliff McIntire, in commending the provisions of section 401 of Public Law 88-205 to permit fishery products to be included in the food-for-peace program and distributed under Public Law 480, the Agricultural Trade and Development Act of 1954. It seems entirely appropriate, indeed just, that fishery products be treated in the same manner as surplus agricultural commodities.

The food-for-peace program should certainly utilize produce harvested from the sea to help provide stability to our domestic fishing industry, in the same way that excess products harvested from the land are utilized to help promote stability of U.S. agriculture. Inclusion of fishery products would definitely strengthen the food-for-peace program. I need not remind this committee that there is no product that is higher in protein value than fish and fish products, and no product more necessary to the diet. If we are to attack malnutrition and assuage hunger in many areas of the world, we certainly must utilize surplus fishery products.

Maine sardines are a good example of the many fishery products which could be advantageously used in this program; sardines are exceptionally nutritious, very inexpensive, easily shipped and distributed, and tasteful. The product may be stored for indefinite periods without danger of spoilage. At times, as you know, the Maine sardine industry faces problems of surplus; and in qualifying for the food-for-peace program, the outlook becomes much brighter for this industry. A great many people in the State of Maine depend directly and indirectly upon this resource for a livelihood.

As a former commissioner of sea and shore fisheries for the State of Maine and presently a member of the House Merchant Marine and Fisheries Committee, I am familiar with the many problems besetting the commercial fishing industry in my State and in the Nation. Implementation of Public Law 88-205, section 403, is one way the Congress can help this ailing industry.

Thank you.

Mr. POAGE. Thank you very much, Mr. Tupper. We are very glad to have had you with us. We will be glad to have you stay, if you can.

Mr. TUPPER. Thank you very much, Mr. Chairman, for hearing me, sir.

Mr. McINTIRE. May I join with the chairman in expressing appreciation to Congressman Tupper for presenting his testimony this morning on this very important matter.

Mr. TUPPER. Thank you.

Mr. McINTIRE. I would like also to present some testimony to the committee. However, we have listed as witnesses this morning three persons from my State of Maine who are here to present testimony in connection with this subject, and with the chairman's permission I would like it very much if we were to proceed with the department witnesses first, and then following that, I would appreciate the opportunity to present my statement and to introduce those officials from Maine and others who are here to present testimony to the subcommittee.

Mr. POAGE. We will be glad to follow that course. In fact, I think that it might expedite matters if we asked you, Mr. McIntire, to call the witnesses, if you care to do so. Why do you not just call the witnesses in the order in which you think that you would like to have them called?

Mr. McINTIRE. Mr. Chairman, the department witnesses are listed first, and I would suggest that they be heard first, and then following the testimony of Mr. Butler, the second witness, I will be happy to make my statement.

Mr. POAGE. That will be fine.

The next witness, therefore, is Mr. Richard H. Roberts, Deputy Assistant Administrator for Sales Programs, Development and Operations, Foreign Agricultural Service, U.S. Department of Agriculture.

We will be glad to hear you now, Mr. Roberts.

STATEMENT OF RICHARD H. ROBERTS, DEPUTY ASSISTANT ADMINISTRATOR FOR EXPORT PROGRAMS SALES AND OPERATIONS, FOREIGN AGRICULTURAL SERVICE, U.S. DEPARTMENT OF AGRICULTURE

Mr. ROBERTS. Mr. Chairman and members of the subcommittee, my name is Richard H. Roberts and I am Deputy Assistant Administrator of the Foreign Agricultural Service in the U.S. Department of Agriculture, in the area of sales and operation of export programs.

I do not have a prepared statement. I feel that the senior witness here is Mr. Butler from the Department of the Interior, and that the best that I can do is to assist him in responding to any questions about Public Law 480 operations that he would like to have my help on.

Mr. POAGE. We will call Mr. Butler now, then, and he can make any statement that he cares to make. And you can join him at the table.

Mr. ROBERTS. Thank you very much.

Mr. POAGE. We will be glad to hear from you now, Mr. Butler. Proceed.

STATEMENT OF CHARLES BUTLER, ASSISTANT DIRECTOR FOR INDUSTRIAL RESEARCH; ACCOMPANIED BY E. A. POWER, CHIEF, BRANCH OF STATISTICS; D. Y. ASKA, CHIEF, BRANCH OF MARKETING; AND RALPH CURTIS, LEGISLATIVE COUNSEL; ALL STAFF MEMBERS OF THE BUREAU OF COMMERCIAL FISHERIES, DEPARTMENT OF THE INTERIOR

Mr. BUTLER. I have with me several gentlemen that I would like to have sit with me.

Mr. POAGE. You may have them sit with you.

Mr. BUTLER. Mr. Chairman and members of the subcommittee, I am Assistant Director of Industrial Research and I am pinch-hitting for our Director, Mr. McKernan, who has a conflicting appointment in the Senate. He regrets that he is not able to be here today, because he has a great interest in this subject and is interested in our contributing to the overall objective of Public Law 480 and the food-for-peace program.

I appreciate the opportunity to meet and to testify before this committee and to give you a brief progress report on the activities of the Bureau of Commercial Fisheries of the Department of the Interior with respect to actions being taken to implement the amendment making fishery products eligible, within certain limits, under titles I and IV of Public Law 480. Under this amendment, fishery products can qualify under title IV immediately and under title I after January 1, 1965.

Inasmuch as fishery products did not become eligible until December 16, 1963, when President Johnson signed the Foreign Assistance Act of 1963 (Public Law 88-205), I can report only on our study of the problem during these past 2 months, and I am not in a position to make any recommendations at this time. Since this is a new program as far as we are concerned, our principal efforts thus far have been connected with—

(1) Studying the operational mechanics of Public Law 480 so that we can best advise the Secretary of the Interior with respect to his authority and responsibilities under this amendment. In addition, we have attempted to apprise the commercial fishing industry with respect to its opportunities and obligations. We have been working closely with representatives of the U.S. Department of Agriculture, particularly the Foreign Agricultural Service, with the food-for-peace program, and Agency for International Development. I would like to state that these meetings have been characterized by excellent cooperation, and we are most appreciative of the guidance and experience available from these representatives in the conduct of our study.

(2) In addition to our contacts with the Government agencies, we have issued a preliminary progress report to the domestic commercial fishing industry through its trade associations advising them of the general operations of Public Law 480 and primarily title IV of that law since this title applies to fisheries products immediately. They would be able to determine whether their products could meet the basic criteria upon which the Secretary of the Interior will eventually determine eligibility for programing of any particular fishery products under Public Law 480.

The Secretary of the Interior has not made any determinations as to whether any fishery products meet the criteria for programing under title IV to date, but several fishing groups have indicated to us that they will be making commodity nominations under this program.

By way of background, I would like to explain some of the problems that presently face our domestic fishing industry. We are not now a major exporting nation as far as fishery products are concerned. The United States imported 1.2 billion pounds of edible fishery products in 1962 while exporting 57 million pounds. However, many of our traditional fisheries have been developed largely on the basis of export trade and up to World War II, we had a brisk trade with such important markets as the Philippines, Scandinavia, Central America, Western Europe, Africa, and Asian countries. Four principal factors have generally accounted for this loss in exports with a resulting loss of dollar income to the United States:

(1) In the postwar developmental processes many countries with previously undeveloped or underdeveloped fisheries expanded their fisheries as a means of obtaining U.S. dollars by exporting to this country, even sometimes at the sacrifice of food for their people.

(2) Our export trade pattern for many fishery products was upset during World War II when these products were diverted for relief feeding and wartime troop and civilian feeding throughout the world.

(3) As a result of the fishery development of certain foreign countries, their products came into direct competition with our previous export markets at prices far below those of our products. This competitive advantage was possible largely as a result of subsidies made available by the governments of those countries and lower production costs because of lower labor costs.

(4) As the living standards in the United States have improved, there has been a general upgrading of foods purchased by U.S. consumers. The result has been that processors of some of our traditional fisheries, who had specialized in the lower income market, such as

the California mackerel fishery and the Maine sardine fishery, were forced to limit their pack since their traditional customers no longer purchased the lower cost fishery products in large amount. This has caused economic difficulty in many strategic fishing communities at a time when other industries were booming and overall employment was rising rapidly.

Although it is clear that surplus of fishery products may occur from time to time, I do not wish to convey the impression that this country is faced with heavy and continued surplus stocks of fish. The highly seasonal nature of so many of our important fisheries does contribute to the uncertainty of the supply-demand ratio and as a result excessive stocks of certain fish products occur that are beyond the capacity of the processor to control or even anticipate.

For instance, the production of canned salmon in the Pacific Northwest and Alaska is compressed into a very short packing period. As a result, a salmon canner has only a few months to pack for a full year's market. Also, he gets only one chance to catch and process these fish and he is unable to predict his probable pack because of such factors as weather, the migration patterns of the fish, and international competition for the raw product. If his pack exceeds market demands, he is either forced to gamble on the following year's pack and demand, or suspend operations, which means a loss in employment and to the economy.

Another striking example is the situation facing the Maine sardine canning industry. Over the past several years its pack annually totaled slightly over 2 million cases and there were no particular inventory problems. However, because of an unpredictable failure of the fish to appear in 1961, the pack of Maine sardines amounted to only about one-third normal pack. Foreign producers quickly filled this market void. The following year, the Maine pack returned to normal, but the packers found that their previous markets were largely taken over by imports and the industry was unable immediately to regain its former shelf space in traditional markets. Despite an aggressive advertising and promotion program plus an industry-wide quality control program, the inventories did not move at previous rates. Normal landings continued in 1963 and the same supply-demand imbalance situation seemed imminent. As a result many cannery slackened or suspended packing operations, causing widespread unemployment in local Maine communities where this industry represents the principal or only source of employment.

The California mackerel cannery, the gulf shrimp cannery, and the river herring packers of the mid-Atlantic also operated under reduced packing schedules this past year because of heavy landings and fast buildup of inventories.

These conditions are now under intensive study in the department, as to how they might fit into the Public Law 480 program. Until these studies are completed we are not in a position to say to what extent current stocks of fishery products could be utilized in this program.

Thank you.

Mr. POAGE. I am sure that I did not understand what you said, but I thought that you said that fishery products were used to great advantage or could be used to great advantage to improve the food-

for-peace program. I thought that was one of your earlier statements, was it not?

Mr. BUTLER. I do not believe that I referred to the food-for-peace program per se. I referred to Public Law 480, the overall program.

Mr. POAGE. The Public Law 480 program?

Mr. BUTLER. Yes.

Mr. POAGE. I understand that in conclusion you come to the conclusion that you do not know how they can be used, is that right?

Mr. BUTLER. At the moment we have not decided how they might fit into the program.

Mr. POAGE. How they would be of advantage to the Public Law 480 program—you do not know how?

Mr. BUTLER. It is so complicated that it has taken quite a while even with the help of the Department of Agriculture to determine that.

Mr. POAGE. The law does include that—the law says:

For the purposes of this title and title IV, the term "surplus agricultural commodity" shall include any domestically produced fishery product (not including fish flour until approved by the Food and Drug Administration) if the Secretary of the Interior had determined that such product is at the time of exportation in excess of domestic requirements, adequate carryover, and anticipated exports for dollars.

I want to know how as a practical matter you contemplate implementing the program. I guess that you do not know that that is the answer. But how, as a practical matter, would you do it—would you go out and buy the fish at the market price and then give them away? Would you establish some kind of price-support program? In other words, offer fishery products without any control over the production?

Mr. BUTLER. No, sir. As I understand the legislation as it applies to fishery products, first of all, fishery products are not price-support items.

Mr. POAGE. I know that they are not now, but if you go out and buy them and give them away, they will have to have support.

Mr. BUTLER. We have not anticipated doing this. Under title IV we are talking about sales for hard currencies on long-term loans, sir, not a giveaway program.

Mr. POAGE. Well, but you still would have to go out and buy them, would you not, in order to sell them? How would you get them for hard currencies?

Mr. BUTLER. As I understand the procedure, the Commodity Credit Corporation buys them, and then in turn the long-term loan repays the money to the United States.

Mr. POAGE. Somebody has to go out and buy the fish. You do not plan to use the Department of the Interior's funds to do it. You are for the Department of Agriculture spending its money doing this?

Mr. BUTLER. I do not believe this. What I understand is that the country that wants the product has to indicate its interest, then the arrangement is made between that country's broker and the broker owning it here representing the producer owning the property to sell the product for hard currency.

Mr. POAGE. To sell the product for hard currency, with a loan at 2 percent interest. Who carries that interest and the loan?

Mr. BUTLER. I understand that the Commodity Credit Corporation does.

Mr. POAGE. What is it?

Mr. BUTLER. I understand that the Commodity Credit Corporation does.

Mr. POAGE. It is still a subsidy.

Mr. BUTLER. Yes.

Mr. POAGE. It is just as much a subsidy as any of the rest of these other programs for these other products. I am saying, let us face it and do not say that it will come out here without costing anybody anything. It is bound to cost the taxpayers, is it not?

Mr. BUTLER. I am sure that this is right, sir.

Mr. POAGE. And you are willing to do that as long as the Department of Agriculture's money is spent, and not the money of the Department of the Interior. You would not favor letting the Department of the Interior put up the money, would you?

Mr. BUTLER. I do not know how the operation of the finances work. I think that Mr. Roberts can tell you.

Mr. POAGE. You do not know about the financial side. Is that not actually what we are trying to do here this morning, to talk about the financial side of this subject. These people are not sports fishermen. They are not out fishing just because they like to fish. They are out there to make a living, are they not?

Mr. BUTLER. That is correct.

Mr. POAGE. And that is the financial side of the subject.

Mr. BUTLER. That is correct.

Mr. POAGE. So we have to talk about the financial side as well as the other side, do we not?

Mr. BUTLER. I think, sir, that the financial side is already set up. We are just applying fish to the program, as I understand it.

Mr. POAGE. What I am getting at is this, that you are perfectly willing to have the Department of Agriculture spend its money, although the Department of the Interior has certain responsibilities to the fisheries—you want the control, but you do not want the obligation of it, is that it?

Mr. BUTLER. It could be interpreted that way. But that is not the way, I understand the way the legislation works out.

Mr. POAGE. Would you not have a good deal of complaint if the Department of Agriculture were to decide that since the Department of the Interior is involved in lands that the Department of the Interior should spend its money in support of wheat or the cotton crop—you would feel that was sort of unfair, would you not?

Mr. BUTLER. I think that is a fair statement. I think we would.

Mr. McINTIRE. Might I say at this point, that there is in the law a finding arrangement for the purchase of this product, is there not?

Mr. BUTLER. There is a provision in the law that says that we can use up to \$1 million—\$1.5 million Saltonstall-Kennedy funds for the purchase of surplus commodities for domestic relief purposes.

Mr. McINTIRE. Has there been a determination by the Department that this program of which you speak is something separate and apart, functioning exclusive of section 403(c)(1) of Public Law 88-205 and that the commodity would still be made available for distribution under a Public Law 480 agreement? Isn't it so that the actual expenditure of those funds would come under the Saltonstall-Kennedy program—has not there been this determination made by the Department?

Mr. BUTLER. As I said, our interpretation is that for purposes of the Saltonstall-Kennedy Act, the money could be used for the purchase of surplus fishery commodities for disposal to domestic relief channels.

Mr. McINTIRE. What is the Department's legal interpretation of that point as to whether or not the Saltonstall-Kennedy program funds could be used under Public Law 480—has there been a final determination on that point?

Mr. BUTLER. Under title I and IV, it would be my opinion that we could—that we would not qualify for the use of this fund for these purposes, since they are for long-term loans for cash and counterparts in the case of title I. The Saltonstall-Kennedy program is primarily to help solve the long-term problems of the fishing industry through research and the development of tools which would improve the stability of the fishing industry to produce and to compete through research. And this has been a long-term objective. The moneys are assigned to this purpose now to the extent of the full amount of the annual appropriation.

Mr. McINTIRE. That aspect of the fund is also in the act and is being used now?

Mr. BUTLER. Yes, the full amount is being used on research aspects.

Mr. McINTIRE. On the research project?

Mr. BUTLER. Yes.

Mr. McINTIRE. But under that act, no part has been used to purchase surplus commodities?

Mr. BUTLER. No surplus commodities. Over the years there have only been two times when fish were considered to be in sufficient surplus to buy them for disposal through relief channels, but not in recent times.

Mr. McINTIRE. Thank you.

Mr. PoAGE. If there are no further questions we are very much obligated to the Department.

Mr. McIntire, our colleague, will now present a statement, and he will call his witnesses in such order as he desires.

We will be delighted to hear from you now, Mr. McIntire.

STATEMENT OF HON. CLIFFORD G. McINTIRE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MAINE

Mr. McINTIRE. Mr. Chairman and members of the subcommittee, I deeply appreciate the kindness of the chairman in arranging this opportunity so that some testimony might be taken in the hearings which the subcommittee is holding in connection with Public Law 480, testimony that relates to the amendment which was made to Public Law 480 in relation through Public Law 88-205 of the Foreign Assistance Act of 1963. This amendment came into this legislation with a relatively minimum amount of legislative history, other than statements on the Senate floor, because this was introduced in the other body. I, therefore, felt that it would be important, inasmuch as we are considering an extension of Public Law 480, that an opportunity be given to put into the legislative record some testimony in connection with this provision. In asking the chairman to give this phase consideration, I hoped that some legislative record would be developed and

that those interested in the provision might have some opportunity to testify. In this way the committee and the Congress would have some legislative record as to how this provision would be implemented now that it is a part of Public Law 480.

I will not necessarily read my statement, Mr. Chairman. I would like to file it for the record, if I may.

Mr. POAGE. Without objection, that may be done, as well as any other statements that witnesses may have, they may file them for the record and they may abbreviate them or present them as they like. The record will so appear.

Mr. McINTIRE. The statement which I will file for the record is a statement in support of the fishery products provision as we have referred to it, and also I wish to associate Congressman Bates of Massachusetts with this testimony. And as Congressman Tupper has already indicated, and as one of the two Representatives from the State of Maine and interested in this matter, I want further to say that Mr. Tupper and I are associating ourselves in this presentation this morning.

Mr. POAGE. Thank you, sir. You may proceed.

Mr. McINTIRE. Mr. Chairman, in the interest of time I would like to introduce to the committee the persons who are here from the State of Maine to express their interest in this matter.

First I would like to call on Mr. Ronald Green, who is the commissioner of sea and shore fisheries for the State of Maine. Mr. Green, if you will come forward, you may proceed with your statement, with the Chairman's permission.

Mr. POAGE. We will be glad to hear from you now.

(The statement of Hon. Clifford G. McIntire follows:)

STATEMENT OF HON. CLIFFORD G. MCINTIRE, A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF MAINE

Mr. Chairman, this is to establish for the record that I am highly pleased that fish products have—through Public Law 88-205—been made eligible to participate in the Agricultural Trade Development and Assistance Act of 1954, as amended. My interest in having this accomplished was evidenced by the fact that on February 21, 1963, I introduced H.R. 3965, legislation designed to attain this identical objective. Although no progress was made with respect to this separate legislation, the essence of this bill was incorporated into Public Law 88-205.

In effect, this adjustment in the law has a twofold purpose. In the first instance, it will make available to the people of friendly nations throughout the world a highly nutritious and reasonably priced food commodity. In the second instance, it can very well serve as a convenient vehicle to accommodate surpluses as they occur with fishery products, thereby lending stability to the price of these fishery products in the domestic marketplace.

It is interesting to note that under this newly enacted legislation, fish products would be eligible to participate under two titles of Public Law 480—title I, the commodity-for-foreign-currency title, and title IV, the long-term loan title. And as the law provides, the mechanics of title I will not be implemented until January 1, 1965.

I am hopeful, however, Mr. Chairman, that the administrative machinery of this new law will be quickly adjusted so as to permit the prompt participation of fish products in title IV functions. I am also hopeful that, in the interim, the stage will be properly set up so that fish products will be permitted to take part under title I operations right at the outset of 1965.

My interest in this inclusion of fish products in Public Law 480 has largely been centered in making Maine sardines eligible for participation in the food-for-peace program. I feel that this product is eminently equipped to take part in this program, for not only is it possessed of highly nutritious food value, but its

uniquely packaged form makes it a highly protected food unit that can be shipped into any climate in any part of the world.

There are, Mr. Chairman, many influences that play on the fishing industry to cause economic imbalances, and surplus situations are among these. And although we must immediately recognize that this new phase of law will not perform as a panacea for all of the negative influences that touch upon the fishing industry, nonetheless, there is every assurance that it can serve as a very valuable vehicle for coping with those price dislocations that result from surplus supply conditions.

As a further note, I would like to point out that the proper application of this newly enacted authority can very well contribute to an expansion of markets for fish products in foreign lands, thereby broadening the outlets for American-produced fish commodities. It is my understanding that the Department of the Interior already has formulated plans for exploring the market potential in various foreign areas, and it is my hope that these activities will be properly coordinated with efforts of the private industry toward the end of achieving optimum benefits.

I would like to state for the record of these hearings that the Maine sardine industry stands in solid support of this inclusion of fish products in the food-for-peace program. And this industry stands ready to cooperate with both Departments of Agriculture and Interior in the implementation of this program which, I feel confident, will prove to be a program that brings broad benefits to nutrition-hungry people of the world and to the fishing industry of the United States.

Mr. Chairman, I deeply appreciate having the opportunity of submitting this statement to the record of these proceedings. And I would like to say that just as I have a vivid interest in this matter of fish products under Public Law 480, so do other legislators from States where the fishing industry is an important part of the economy. In this regard, Mr. Chairman, I would like to say in closing that it is the desire of Congressman William H. Bates, of Massachusetts to be associated with my views and comments relating to the interest of the fishing industry in this new aspect of law where fish products have, through Public Law 88-205, been made eligible to participate in the Agricultural Trade Development and Assistance Act of 1954, as amended.

STATEMENT OF RONALD W. GREEN, COMMISSIONER, MAINE DEPARTMENT OF SEA AND SHORE FISHERIES, AUGUSTA, MAINE

Mr. GREEN. Mr. Chairman and gentlemen of the committee, my name is Ronald W. Green, commissioner of the Maine Department of Sea and Shore Fisheries, and I am appearing before you today as a spokesman for Maine's commercial fishing industry. In this capacity I would like to go on record as expressing the appreciation of the Maine industry for the inclusion of fisheries products in the Public Law 480 programs and to point out that this inclusion should prove most beneficial to our entire commercial fisheries—especially those segments which produce canned seafood products.

We believe that we have in Maine a product which is practically tailor-made for the food-for-peace program—our Maine sardines. These sardines are an excellent-tasting, nutritious, high-protein food. They are packed in compact, easy-to-handle cans which require no refrigeration or special handling and which have a long shelf life. The small herring which are processed into sardines are usually available in plentiful quantities. In fact, each year many millions of pounds of fish are not caught or processed simply because the domestic market cannot absorb such increased production. As a result, hundreds of thousands of cases of top-quality food are lost to a world where hunger is too often the rule rather than the exception.

In addition to Maine sardines, there are a number of other low-priced canned seafood products which have been produced in the State but which, because of a lack of markets, have either been dis-

continued or are currently manufactured in very limited quantities. Certainly, under the food-for-peace program there would seem to be very great possibilities for such high-protein items as canned mackerel, alewives and the larger sizes of herring; for canned fish flakes and fish cakes; and possibly even for such items as canned mussels.

In our opinion, the inclusion of such canned fisheries items as these in the Public Law 480 programs would serve a double-barreled purpose. On the one hand it would provide a much-needed stimulus to many segments of Maine's commercial fishing industry, and on the other it would mean inexpensive and nutritious food for many of the hungry millions in the underdeveloped countries of the world. Maine is fortunate to have the natural resources along its shores. Thanks to the food-for-peace program, the mechanism now exists so that these resources can be made available where they are needed most.

Certainly the food-for-peace program must be considered, along with such organizations as the Peace Corps, as among the most imaginative and humanitarian projects ever undertaken by any nation, and we in Maine feel privileged to be a part of it.

In conclusion, I would like to thank you people for making it possible for me to appear here today.

Mr. POAGE. We are very much obliged to you, Mr. Green.

Did you want, Mr. McIntire, to call all of your witnesses and then let us question them en bloc or do you prefer to have us question them separately?

Mr. McINTIRE. Mr. Chairman, I appreciate the suggestion. Mr. Richard Reed, who is the executive secretary of the Maine Sardine Council is here today, but he has indicated to me that he wishes his views to be associated with the testimony of Mr. Verne McFadden, who is vice president of the Maine Sardine Packers' Association. And with your permission, Mr. Chairman, I would like to call upon Mr. Verne McFadden to present his testimony at this time.

Mr. POAGE. We will be glad to have Mr. McFadden present his testimony.

Mr. McINTIRE. And may Mr. Green remain here and respond to any questions that may be asked?

Mr. POAGE. Yes.

Mr. McINTIRE. I am very happy to introduce to the subcommittee Mr. Verne McFadden, vice president of the Maine Sardine Association of McKinley, Maine. And may I say that Mr. McFadden is a packer and in his business association is affiliated as manager of a Maine sardine packing plant for the Underwood Co., but he is here today in his capacity as vice president of the Maine Sardine Packers' Association. I am very happy to present Mr. Verne McFadden.

Mr. POAGE. We are very glad to have you with us, Mr. McFadden. We will be glad to hear from you now.

STATEMENT OF VERNE McFADDEN, VICE PRESIDENT, MAINE SARDINE PACKERS' ASSOCIATION

Mr. McFADDEN. Mr. Chairman and gentlemen of the committee, my name is Verne McFadden, actively engaged in the canning of sardines at McKinley, Maine, and I am here today as vice president of the Maine Sardine Packers' Association, pinchhitting for our presi-

dent, Mr. K. R. Trenholm, who is unable to be present. With me is Richard E. Reed, executive secretary of the Maine Sardine Council, as well as the association, who will be glad to assist me in answering any questions that you may have.

It is indeed a pleasure for us to have an opportunity to meet with you and we wish to publicly thank our Congressman Clifford G. McIntire for making such an arrangement.

Members of our association who represent virtually 100 percent of the Maine sardine production have instructed me to express their great interest in and appreciation of the inclusion of fishery products in the Public Law 480 programs. Through this we see a much-needed opportunity for expanded markets and encouragement for our Nation's fishing industry as well as the addition of a wide variety of nourishing, high-protein, healthful, modestly priced new products to the food-for-peace activities.

We have faith and belief in the humanitarian as well as other aspects of food for peace and certainly hope that the Congress sees fit to continue this form of assistance and cooperation with the food-short nations which are unable to produce or furnish proper and adequate nourishment to their millions of citizens.

Recently some members of our industry had an opportunity to hear an address by Food for Peace Director, Richard W. Reuter, at the National Canners Association convention in Dallas, Tex., and were deeply impressed with the facts he gave as well as his comprehensive elucidation of the purposes and goals for which this activity was established.

We can think of no better way to share our blessings of abundance with the less fortunate people of this earth.

Our industry considers itself most favored to have a fishery product which is so ideally suited for sale and distribution under this program. To our knowledge there are none better presently available.

In the clear cool waters off the coast of our State we are visited each year by great schools of firm, flavorful, succulent, little herring which furnish our raw material. On shore we have 29 modern and efficient canneries which process these fish as sardines in large volume with greater production possible if we had a ready marketplace for it.

This is a product that is usually in great abundance and which can be produced to sell at fair prices that can seldom be equaled by other foods of similar body building, health, and nutritive qualities. To quote our advertising agency, Maine sardines offer "more protein per penny."

Our can is designed for easy handling and transportation, long shelf life in every type of climate, and strong enough to withstand reasonably rough handling.

The contents are the meat and soft bones of the little herring with a variety of oils and sauces added to accentuate all of the flavor and goodness. A can of Maine sardines is a rewarding lunch in itself and certainly would be welcomed by anyone who is suffering from the pangs of hunger.

In his Dallas talk, Mr. Reuter stressed the concept that food for peace was not designed to set up a relief program for any industry but to sponsor a goal of long-term market development. This appears to us to be a very solid and sensible approach.

We can see in the program an opportunity for greater stabilization of our industry and a reversal of its declining fortunes through such market development.

Since 1951 the number of Maine sardine canneries has dwindled from 51 to the present 29 and a further decrease is indicated unless we can broaden our marketing base. As it stands now we are besieged by increasing imports which results in a continuous oversupply of sardines on the domestic market. Naturally this serves to depress prices, more often than not, to profitless levels, and therefore either additional plant closures or expanded markets appear to be the only answers to the dilemma.

Recently our council has launched an export market development program and is finding the going rather rough due to severe price competition by the foreign producers. Furthermore, many of the countries which need and would like to purchase large quantities of Maine sardines are stymied because of the lack of dollars.

We do not look upon food for peace as being a cure-all for the ills of our industry but do see it as an instrument of help to support our own development efforts. We envision a completely new and favorable outlook for the future of the Maine sardine industry, if our product creates a demand from those countries which are eligible and desirous of taking advantage of the transactions available to them under titles I and IV, and we see no reason why this should not happen.

The removal of sizable quantities of sardines from our industry's inventories from time to time would be of inestimable encouragement to our canners, fishermen, and workers and almost certainly provide a stimulant for the rebuilding of this segment of the fishing industry which has been in a continuous decline since World War II.

As we see it Maine sardines are one of the best examples of how food for peace can serve its twofold purpose of getting modestly priced protein and nourishment to the world's hungry and bolstering our domestic economy at the same time. Such an example seems to make our foreign aid efforts more realistic and logical.

Over the long term we visualize the establishing of permanent and profitable new export markets for Maine sardines, thereby helping to perpetuate a 95-year-old American industry long after the need for foreign aid has been eliminated.

As it stands now we are virtually 100 percent dependent upon the domestic market which is continuously plagued by supply-and-demand problems and have to control our pack rigidly and carefully with periodic times of unemployment, economic dislocation, and great distress.

Thirteen years ago our canners asked the Maine Legislature to impose a 25-cent-a-case tax upon them to finance an industry development program consisting of quality control and improvement, greater consumer demand through advertising and promotion as well as other activities. About \$7.5 million has been expended by our comparatively small industry on this project in its fight for survival which is clear evidence that we have never operated on the philosophy that Government handouts were our only salvation.

However, we look upon food for peace as something different—as an opportunity for America and for the safeguarding of its food-producing capacity.

In closing I wish to suggest that foreign participants in the food-for-peace activities will welcome this added selection of products which will be made available by our marine farmers. A bit of fish always goes well with a loaf of bread, glass of milk, or piece of cheese.

I thank you for your time and interest and hope that these few remarks have helped to impress you of the importance to the Maine sardine industry and the fishing industry in general that we rate the inclusion of fishery products under Public Law 480.

If there are any questions, we will be glad to answer them.

Thank you.

Mr. POAGE. Thank you very much, Mr. McFadden.

Now, are there others that you want to bring in at this time, Mr. McIntire?

Mr. McINTIRE. Well, in view of the fact that I think that the only remaining witness on the schedule this morning, Mr. Chairman, is Mr. De Lucien of the National Cannery Association; would it be perhaps appropriate for his testimony to be made, and this would finish the list of witnesses?

Mr. POAGE. I see no reason why he should not appear with the group. He has perhaps much the same viewpoint.

Mr. McINTIRE. I expect so, Mr. Chairman. And if it is your pleasure, Mr. Chairman, then I would be very happy if Mr. De Lucien presented his testimony, and then all of the witnesses would have been heard, and the presentation of those of us from Maine would be completed, and the committee could then proceed with questioning, if that is the pleasure of the chairman.

Mr. POAGE. We will be glad to have you come up, Mr. De Lucien, to the table and to present your statement.

STATEMENT OF RONALD W. DE LUCIEN, DIRECTOR, FISHERY PRODUCTS PROGRAM, NATIONAL CANNERS ASSOCIATION

Mr. DE LUCIEN. Thank you.

Mr. McINTIRE. Mr. De Lucien is the director of the fishery products program of the National Cannery Association and has been following this proposal with a great deal of interest, and I am sure that his testimony will add to the legislative record that we are attempting to put together today in relation to this amendment to Public Law 480.

Mr. POAGE. We will be glad to hear from you now.

Mr. DE LUCIEN. Mr. Chairman and members of the subcommittee, with your permission I would like to read a short statement that I have today and at the end of which I would request permission to read a telegram from the Association of Pacific Fisheries, an association representing the salmon industry, and to insert this in the record, with your permission.

Mr. POAGE. Without objection that may be done.

Mr. DE LUCIEN. Mr. Chairman and members of the committee, my name is Ronald W. De Lucien, director of the fishery products program of the National Cannery Association. The fishery products program as part of the national trade association representing commercially canned food processors represents substantially the entire production of canned fishery products. This statement on behalf of our fish canner members, is brief in order to conserve your time, but we

will attempt to indicate our interest and support for the extension of Public Law 480, as amended.

Although this matter is not an issue before your subcommittee we welcome the opportunity to express our support for the recent inclusion of domestically produced fishery products under titles I and IV of the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480).

In the enactment of this amendment to Public Law 480, the food-for-peace program, we are encouraged by the fact that Congress has recognized that domestically produced fishery products will serve a useful function in fulfilling the objectives of this program. It is known that foreign governments have requested in the past that canned fishery products be made available under the food-for-peace program.

The director of the food-for-peace program, Richard W. Reuter, has in the past strongly endorsed the inclusion of high-protein fish products in the program. Also, Senator George McGovern, former director of the program, has also strongly endorsed this. Speaking for the proposal in the Senate, he said:

I believe, if we wish to strengthen our food-for-peace program—a program which enjoys the support, so far as I know, of every Senator—we could make a great contribution to the program, with little cost to the taxpayers, by including fish and fish products under the terms of the program.

We feel that the inclusion of U.S. fishery products in this program is a twofold accomplishment. As is well recognized, many countries wish to obtain protein foods such as fish. The United States has a good supply of these high-protein fishery products—such as sardines, both Maine and California types, mackerel and pink salmon, among others—which would be, we believe, available as a vital protein supplement, at relatively low cost, in the diets of many developing nations. The world's food program has been said to currently involve not an inadequacy of food but only an imbalance in its distribution. The inclusion of canned fish in the food-for-peace program will help to right the imbalance by delivering surplus fishery products when available to those in need.

Secondly, we view the recent law as a means to develop new markets for U.S. produced fishery products overseas. To the extent that overseas markets for U.S. fishery products may be developed on a long-term basis, the recent amendment will prove to be of great benefit to the entire domestic fisheries industry, including fishermen, processors, and distributors, in helping to stabilize the market for such products.

As an example, the California mackerel industry in 1963 was faced with a curtailment on the fish landed because of a limited market for the product in this country. The recent amendment, when put into effect, would help to alleviate, we believe, surplus conditions in this market and aid in bringing stability to the domestic industry.

We understand that the participation of domestically produced fishery products in the food-for-peace program will depend on findings to be made by the Secretary of the Interior and on the negotiation of international agreements which meet all of the basic requirements of Public Law 480. The initial participation may well be modest, however, we do hope that fishery products will be utilized when abundant supplies exist in the domestic market and the products are needed overseas.

Thank you.

Mr. POAGE. Thank you, Mr. De Lucien.

Mr. DE LUCIEN. I would like now to read a telegram that I have.

Mr. POAGE. Certainly.

Mr. DE LUCIEN. It is from the Association of Pacific Fisheries, signed by Stanley G. Tarrant. This is an organization representing the salmon canning industry in Alaska, Oregon, and Washington.

(The telegram referred to follows:)

SEATTLE, WASH., *February 26, 1964.*

RONALD W. DE LUCIEN,
Care of the National Cannery Association,
Washington, D.C.:

"Please present to Hon. Harold B. Cooley, chairman of the House Agricultural Committee, Washington, tomorrow morning, the following statement:

"This is to respectfully express our support for the inclusion of domestically produced fishery products under titles I and IV of the Agricultural Development and Assistance Act (Public Law 480). The Association of Pacific Fisheries, a trade association substantially representing the salmon canning industry of the States of Alaska, Oregon, and Washington view the inclusion of fishery products in this program for the first time as a vast opportunity to expand markets overseas for fishery products and assist in fulfilling the objectives of the food-for-peace program. Therefore we want to take this opportunity to express our appreciation and to acknowledge our recognition of this opportunity for the fishing industry. Mr. Ronald de Lucien is hereby authorized to make further verbal statements on behalf of the Association of Pacific Fisheries before your committee at the hearing February 27, 1964."

Respectfully yours,

STANLEY G. TARRANT,
President, Association of Pacific Fisheries.

Mr. POAGE. Thank you.

Mr. McINTIRE. I think it would be interesting for the record of this hearing to show that there is broad territorial interest, you might say, geographic interest in this amendment. The amendment in the other body was proposed by Senator Bartlett of Alaska, and associated with him, of course, were many other Senators; however, this proposal has rather broad geographic interest, and I wanted to inject that into the record at this time.

Mr. POAGE. I think that the whole program has a wide interest. We are all concerned with it. I would like the record to show just what the witnesses feel about subsidies. I repeat that I am not trying to put anybody on the spot, to work anybody into a trap, because I believe in subsidies, but I want to find out your views, and I just wonder if the members of this panel would care to tell us how they feel about subsidizing gifts of food to other nations.

Mr. McINTIRE. As a matter of protocol I suppose that I am supposed to respond first. I am on record, certainly, as having helped within this committee to write Public Law 480, and this puts me on record in a qualified sense, certainly, in relation to this point.

Mr. POAGE. Of course, I am sure that our colleague is, but many others so often come here and they want help, but they so often say that they do not want any subsidy help. I just want to find out if some of those people who do not want help—who do not want Government dollars—believe in subsidies. I wonder if you would express yourself, Mr. McFadden?

Mr. McFADDEN. Mr. Chairman and gentlemen, I think that I understand the question. All of the statements that we have made to you are true, and I believe that I am sure, speaking for myself—obviously

I cannot speak for the industry as a whole, the sardine industry, but I believe that we understand what subsidy is. And, personally, I have no quarrel with it. I realize that in this particular case that we are referring to—and this will also include many others—while we are here on this particular subject that to this subsidy, I believe that we can increase the market for sardines over the years. We have a quality product. We have spent considerable amounts of money developing our quality. The records will prove that over the last 4 years it has steadily been increased.

You asked the question, and, yes, I believe in subsidies.

Mr. JONES of Missouri. I have a question.

Mr. POAGE. I would like to get to the rest of them, first.

Mr. JONES of Missouri. It is with reference to one fact that he mentioned about subsidy. In one of the statements here something was said about the subsidizing by other countries of the fishing industry, and fishery products. As I have observed when I have gone to the market—and I like sardines and I eat a lot of sardines—I have observed that sardines imported are so much higher in price than the Maine sardines for instance. It is not the price that gives the competitive relationship, is it?

Mr. McFADDEN. I did not get the last part of your question, sir.

Mr. JONES of Missouri. Price is not the competitive factor in your business, is it, with the foreign product selling at a higher price?

Mr. McFADDEN. Maine sardines, historically—well, there are certain, I am sorry—I am not able to answer your question—I am more in the production end of it, but my observation would be, sir, that in certain areas you will find imported sardines and you will also find certain types of Maine sardines that are very near comparable in price to the imported sardines, that is, there may be one or two grams of special curing and sauces that are very high, but we have the difference between the key and the keyless pack. Our executive secretary, probably, could answer that question. He would have a broader knowledge of the industry as a whole. And if you would like a comment from him, I would appreciate it.

Mr. JONES of Missouri. You are familiar with how other countries and what other countries do subsidize sardines?

Mr. McFADDEN. No, sir, I am not.

Mr. JONES of Missouri. Does the gentleman, Mr. Green, know about the subsidization of other countries as it relates to sardines?

Mr. GREEN. Not to sardines in particular, but sardines would be a part of any of the fishery programs that are being carried on by any of these countries in which we find ourselves in Maine in competition with, and I do know that they do enjoy a heavily subsidized program, as far as their fishery interests are concerned.

Mr. JONES of Missouri. Well, let us take specifically Norway, do they enjoy a subsidy on their sardines?

Mr. GREEN. I cannot answer so far as the sales price is concerned, but I do know that they enjoy a subsidy so far as boat construction and plant modernization is concerned.

Mr. JONES of Missouri. If they are always a high price sardine product, it would appear that a subsidy is not necessary in their case. I cannot quite get the picture as to that. It was mentioned in one of the statements—I believe it was in Mr. McKernan's statement about

the subsidy, and I should have asked him, but I was not here at the time. But I am interested in the subject or the question of the subsidy abroad and this competition that presents itself because of this subsidy. I would like to have some information on that if anybody could lend any information on it. Do you know anything about that, Mr. McIntire?

Mr. McINTIRE. Mr. Butler of the Department of the Interior indicates that he would be happy to comment on that point, Mr. Jones.

Mr. JONES of Missouri. It seems to me that it ought to be in the record.

Mr. McINTIRE. May Mr. Butler make a brief comment to the point that Mr. Jones has raised?

Mr. POAGE. Yes, certainly.

Mr. BUTLER. Sir, our reference to subsidies abroad and the impact on the product was in a broad sense. I can give you several examples, particularly in the canned fish area. There are, as Mr. Green said, in many foreign countries subsidies in support of low rate interest, advances for construction of vessels, procurement of gear, salt allowance for the curing of the product—these are kinds of subsidies which, indirectly, buttress the economic situation, so that the canned fish can be competitive at a high or low price.

In the frozen fish field, for example, and also in the canned fish, there are combines which are semigovernmentally controlled, so that the price can be adjusted to meet competition in order to sell the products which are so important in the country. For example, in Norway and Iceland, they depend largely on the fishing industry for the principal part of their economy. They have to sell fishery products in order to—in order to do this, they take whatever measures seem feasible to them and necessary in order to make the fishery products competitive on the world market.

These are the kinds of subsidies that we are speaking of here.

At the time of sale there is not often a subsidy. You can recognize, that is, one that you can recognize, but in the total gamut attaching to the sale there are subsidies that we do have to combat.

Mr. JONES of Missouri. There are no direct subsidies, so far as you know?

Mr. BUTLER. There are some direct subsidies. There is assistance in the form of negotiating sales and things of this kind which I would call a direct subsidy. There is an allowance for the purchase of salt for the curing of the fish which I would call a direct subsidy. There are direct grants for the purchase of vessels which are direct subsidies, which then in turn are used for the fishing operation, but they start with the fish itself.

Mr. JONES of Missouri. Thank you. I am sorry that I interrupted.

Mr. POAGE. That is all right.

Mr. JONES of Missouri. I wanted to know how it affects the competition.

Mr. POAGE. Now if I may go back to my own question. Mr. Jones was talking about foreign products and the policy of foreign nations. I am talking about the policy of the United States.

I believe that I understood Mr. McIntire and McFadden to say that they believed in subsidies, that they did not think that it was something to be avoided just because it involved a subsidy, and that

they would find no fault with the Government assisting in the disposition of fishery products because it took some public money to move it. Is that your view, Mr. Green?

Mr. GREEN. I believe that your statement more or less answers your question, so far as I am concerned. We, in Maine, are an export State. We are in direct competition with these other countries that are marketing their products within this country. We do know that as Mr. Butler pointed out that the other countries are receiving heavy subsidies in one form or another.

I have always been a firm believer that we have the responsibility to our own industry and both the State and the Federal level to provide assistance to our domestic fishing industry.

Mr. POAGE. Mr. De Lucien, do you agree in a subsidy as such?

Mr. GREEN. Pardon me?

Mr. POAGE. I asked Mr. De Lucien if he agreed that there is nothing vicious in a subsidy as such?

Mr. DE LUCIEN. We, Mr. Chairman, certainly support the application of titles I and IV.

Mr. POAGE. I am not asking your opinion about that. What do you think about subsidies on wheat—do you think that is bad to subsidize the exportation of wheat?

Mr. DE LUCIEN. Well, I cannot speak for the association in this capacity, Mr. Chairman, and if you would concede to that and take a personal comment.

Mr. POAGE. All right.

Mr. DE LUCIEN. The subject of wheat subsidies, I think, has tended to help the wheat industry and to expand the shipment of wheat overseas which I understand approximates 80 percent of our total wheat production that does go overseas. It would seem that this program helps in the balance-of-payments problem and gives some stability to that industry.

Mr. POAGE. Are you opposed to it or are you for it?

Mr. DE LUCIEN. Well, in that context I would be in favor of it.

Mr. POAGE. You would be in favor of it, and then you would apply the same thing to cotton—you would apply approximately the same thing to feed grains?

Mr. DE LUCIEN. But the point I would like to make clear is, Mr. Chairman, that—

Mr. POAGE. I did not ask you to make a point. I just asked you about the point that I was making. I want you to talk about that.

Mr. DE LUCIEN. I do not mean to indicate that I am hedging, but you want me to further amplify?

Mr. POAGE. We can just take it that you are opposed to all subsidies—shall we put it that way?

Mr. DE LUCIEN. Could you define the word “subsidy” for me, sir? That is a broad term and it is used today with many meanings.

Mr. POAGE. Where the Government pays money to move a commodity from private hands to other private hands.

Mr. DE LUCIEN. In relation to the fish canning industry?

Mr. POAGE. I did not ask you one word about the fish canning industry this time, Mr. De Lucien. And I think that you have made it quite plain. I do not mean to embarrass you. I just want to see whether you agree with me or not. Obviously you do not agree with

me. You are under no obligation to do so. I do not see any purpose in prolonging the record.

Now, let me ask these gentlemen who say they do favor subsidies, do you favor subsidies where there is no control over the production of a commodity? There is control in the case of wheat. I asked about wheat here a moment ago. There is certainly a control over the production of wheat. And the reason is that the Government does not want to pay out too much subsidy. Do you favor subsidizing unlimited production? I am not asking about fisheries, but as a general proposition, do you favor a subsidy on unlimited production?

Mr. McFADDEN. Are you asking me, sir?

Mr. POAGE. Yes.

Mr. McFADDEN. I would like to know more. I would say "No" I would not be against it. I would say I would not favor unlimited subsidies. There are so many things that might be in that particular thing.

Mr. POAGE. I know that that is true of such a question.

Mr. McFADDEN. I am willing to answer, however.

Mr. POAGE. Again trying to be fair with you, I will tell you that I do not—I do not favor subsidies—subsidizing unlimited production, whether it be on wheat or on cotton or on rice or any of the rest of these commodities—I do not favor that—I am just asking whether you favor subsidy on unlimited production.

Mr. McFADDEN. I think that I answered that way just before that I do not, unless there is some particular situation for a certain definite purpose.

Mr. POAGE. Some temporary proposition?

Mr. McFADDEN. Yes.

Mr. POAGE. I think we can all agree upon that, but as a fixed proposition, Mr. Green, what do you think about that?

Mr. GREEN. I feel that that question posed to any person would have to be answered in the negative. I do not think that any of us could ever agree that we would favor subsidy on unlimited production.

Mr. POAGE. You answered exactly as I would. I find no fault with that. It brings us down to the practical proposition of just how far, just what should we do about this matter. That seems to me to be the real question. I do not think that we can answer it until we understand these other things. There are a great many people who tell us that the Government ought not to inject itself into agriculture or into the production of any kind—that it ought not to help the producers at all. They say that they do not want any help, but our industry here needs it. I am not talking about your industry. I am talking about industry in general. I am not trying to criticize you gentlemen, but just what would you do—how far would you go—would you have the Government buy these commodities, process these commodities, ship these commodities at Government expense, deliver these commodities at Government expense, and on sardines would you deliver them over into the Congo—would you do that—do you think it is necessary, Mr. Green—do you think that we should deliver crackers to go with them?

Mr. GREEN. Cheese that is being shipped—cheese is being shipped right at the present time.

Mr. POAGE. I want to know how far should we go. How much should we do to give this stuff away.

Mr. GREEN. I think we tried to make it clear—at least I did—being a country boy, I may not have made myself quite clear on this, but my testimony here today was merely to point out—and I tried to make myself clear—that in the event that you did find yourself with a surplus and there was a need for high-protein product, and this program we really believe in, or I do, I believe that it contributes more to the underprivileged countries than does ready cash, and at the same time it can help the domestic industry here. I feel whenever there is a surplus and a product that is needed in another country, that fishery products could be incorporated into the present program, and that seems to be working quite well.

Mr. POAGE. This goes to the point that I am trying to get at. And I think, frankly, that I do not know my own views on—how far should we go in the way of processing and delivering surplus foods to needy people abroad? Most people will agree, I think, that when we have a surplus of a commodity here at home and if there are people who are hungry, no matter where they are, that it is just the right thing for us to give them the food that we have. We are not taking it away from anybody at home. We generally agree that it is perfectly proper and that we should give them the food. How much further should we go? I do not know. When I open a can of sardines, the actual sardines, how much would be the value of the sardines in that can—how much does the fisherman get—he would not get 5 cents for the sardines in the can, would he? What about that, Mr. McFadden?

Mr. McFADDEN. The fish in 100 cans of sardines are not too far away, probably from 7 to 11 cents, depending upon different years and different sizes.

Mr. POAGE. Let me see if we can get an answer to this. We would not have more than one-half pound of sardines in a can, would they?

Mr. JONES of Missouri. No, not that much.

Mr. POAGE. Not that much, a fourth of a pound? Would it have a fourth of a pound of sardines in the can, and if he got 7 cents a can for those hardines, that would be 28 cents a pound for the sardines. Would the fisherman get 28 cents a pound for the sardines when he brings them in?

Mr. McFADDEN. I am sorry—just to give you a little picture, we speak in terms of bushels when we buy fish from the fisherman. There will be roughly in a pack, depending on the size of the fish, about 70, maybe 110 cans per bushel. So that you would have somewhere from 75 to 100—it would average probably 100 cans to a bushel. So you would be paying \$1 or \$1.25 for a bushel of fish, which would give you roughly 100 cans.

Mr. POAGE. It would be just over a cent per can?

Mr. McFADDEN. That is correct, sir.

Mr. POAGE. And when I pay 35 cents for that can, there is a great deal of that price that does not go to the fisherman.

Mr. McFADDEN. You have, of course, the oil that is in the can, you have the can, the cover, and in the key cans the key that goes on it, and the extra cost of scoring the cover, and then you have the packaging, and the carton on the outside. There is a tremendous amount of hand labor in this. It is about all hand labor.

Mr. POAGE. That is exactly the point I am trying to make, that we are delivering a product which has a great deal of cost in it that does not go to the producer. It is not only true of your product, but it is true of other products. Again, I am not offering any criticism, but it is a fact that when we have processed these food products, we have packaged them and shipped them, that we have a great deal more of cost in many of them than that which goes to the producer, whether he be a farmer or a fisherman. Actually, what we are sending abroad then is not merely wheat, it is not merely fish, it is not merely meat or cheese—it is something that involves a great deal of cost to the American taxpayers.

Now, then, what I am asking is, how much additional cost should we put on these gifts of food when we send them abroad? As a boy, I lived in the country, in west Texas, and we did not have very much fruit, but we had a neighbor about 2 miles away who had a real nice orchard and some years he made quite a crop. We could go over there and get peaches from that neighbor. He would give them to us. But the neighbor expected us to come and pick them. He expected us to carry a sack over there to carry them home in. He would give us the peaches, but he expected us to pick them. And we thought that he was a right generous neighbor. And he thought so, too. We did not ask him to pick the peaches, to can them, to put sirup in the can on them and to send them to us packed. We did not ask that. We thought that we were being well-treated when they let us come and get the fruit.

Is it necessary for us to provide all of these additions to the food we give away?

Mr. McFADDEN. Sir, I think that we agree that most of it is hand labor in our particular industry. I would like to call on Mr. Reed. As you notice in our statement we have done some work ourselves in trying to do some export business, and I think perhaps Mr. Reed may have some better ideas. Frankly, I am sort of down on this—I am in the production end of the business, and when you get involved in some of these other things I will be perfectly frank that I do not know too much of what I am talking about there, sir.

Mr. McINTIRE. May we call on Mr. Richard Reed, executive secretary of the Sardine Council?

Mr. POAGE. Yes.

Mr. REED. What is the specific question?

Mr. POAGE. I would like to have your judgment on how far we should go when we give food to needy people abroad—how far do you think we should go? We give them wheat, but there are those who say that we should mill it and give them flour, because they have to make bread out of it. And there are those who say, “do not give them just bread, you must toast it.” And there are those who say that, “the toast is not much good until you put butter on it.” And there are those who say, “I like jam on my toast along with the butter, and you must put a little jam on the toast.”

Now, in order to give away a bushel of wheat we then have a good many dollars tied up in the additions. The same thing is true in your fishing industry. I think that your sardine is probably in that category, that it is true even there to a greater degree than in relation to wheat. But the principle is the same. I am asking how far should we go in preparing these foods before we give them away.

Mr. REED. I really do not know how to answer you. I think this thing all ties in. Do you believe in foreign aid? I do not know—it is a big subject. Is it not a part of foreign aid?

Mr. POAGE. Yes. I understand that is what you want. That is exactly what you are here for, to tell us that you want to encourage foreign aid.

Mr. REED. We do.

Mr. POAGE. But I am asking how far do you want us to go with this foreign aid?

Mr. REED. I really do not know. I cannot make any specific statement as to sardines or fish. I do think that when we have surpluses of a good high-protein food, if they need protein, if we want to help these countries with food, that fish products should be in the program. I think it is up to the Congress to decide how far they want to go with foreign aid.

Mr. POAGE. I take it that some of you gentlemen live in the country. I have lived 30 miles from a railroad. We were a long ways from any volume of water, but sometimes the folks would go down to the river 10 miles away and fish, and they might come by our house and leave us two or three catfish. It was up to us then to clean those fish—to fillet them. Now I suppose that if you apply the philosophy of some as they have it to foreign aid, that we should have said that the neighbors should clean those fish, fillet them, and that they ought to put cornmeal on them, because we always put cornmeal on our catfish and that they ought to bring the grease, because somebody has to furnish the grease and that we should not be called on to cook the catfish ourselves. You have got to have some grease to cook them in. And then you have to have wood for the stove to cook. And if you would be a good neighbor, it would seem to me that you would cut the wood. You would have to do that. And then you would have to carry it in and build the fire.

And then somehow they would find that it was hard on the women folks to stand over the hot stove and cook those fish. And it would look like the neighbors ought to come in and cook them.

And then it is not just right to put the catfish on the table alone. You would just like to have something else with it. I like hushpuppies with my catfish and it looks like they should have brought them along, too.

What I am saying is, is it our obligation to do all that for people all over the world, just to give them fish?

Mr. REED. Mr. De Lucien will answer that.

Mr. DE LUCIEN. Mr. Chairman, your point is well taken and we are sympathetic to your point. I certainly understand that.

With your permission I think our position might be well summed up if you would permit me to read an excerpt from a letter from Senator Bartlett of Alaska to the House Committee of Foreign Affairs. It was addressed to Mr. Boyd Crawford, staff administrator. Mr. Bartlett said, and I quote,

as indicated in the Senate Foreign Relations Committee report the amendment—that is, the inclusion of fishery products in the food-for-peace program—would put fish on the same basis as frozen beef, canned pork, and a variety of meats and fruits that are currently under this program. This is not a subsidy program under which the Government would purchase surplus fish products. The Government would only make long-term loans to foreign importers interested in pur-

chasing surplus fish products from a private producer in the United States. This is under title IV. Or the Government would accept foreign currencies in payment for surplus fish products sold by a private producer in the United States under title I. It is anticipated that will help the fishery industry to dispose of the surpluses and help develop markets through the U.S. fishery products.

That is the end of the quote. And I think that this is pertinent as indicating our feeling and understanding as to the inclusion of fishery products under the Public Law 480 program.

Mr. POAGE. I think that is a very good explanation——

Mr. DE LUCIEN. Thank you, sir.

Mr. POAGE (continuing) Of the attitude of about three-fourths of those who come before this committee.

Do you think there is any subsidy in REA loans, loans to electric cooperatives? I realize that you may not be familiar with these loans in the State of Maine.

Mr. McFADDEN. I thing there is.

Mr. POAGE. I think there is, too, and I am for it. But for anybody to tell me that there is no subsidy when you are putting this money out seems to me that is incorrect. I do not care whether it is in Texas or from some other State, whether he is a Member of Congress or not, and if he is, it does not make it true. It is a subsidy just the same. I am not opposed to that sort of thing. I am for REA loans. I am for them. But I know that it is a subsidy. And I do not hesitate to say so. I know it is a subsidy. You are bound to know that, too.

The very thing that you are proposing here is a Government subsidy. I am not saying that it is wrong, but I am saying, let us call it by its name, instead of coming here and telling this subcommittee, "Now, we do not want any Government help—we just want the Government to give us something, one-half of what it is costing the Government—we do not want the Government to help us—we just want the Government to take the taxpayers' money and to spend it and let us hold onto a good part of it." And when we do, I think that we just are not being frank. We ought to state the facts.

Your industry and my industry and most of the rest of us are in the same shape, my friends—they want something for nothing and they want the U.S. Government to bail us out without costing the taxpayers money. It cannot do otherwise. I am not opposed to bailing out. But I just want to know about it and I just resent people trying to pull the wool over my eyes telling me that everybody else has got their hands in the public pocketbook but that they do not want to do that—they just want the Government to help them but they do not want to admit that they ever got any help from the Government.

Yes, Mr. McIntire?

Mr. McINTIRE. Mr. Chairman, I do not think there is any reservation on the part of those of us interested in this.

Mr. POAGE. I am not charging any.

Mr. McINTIRE. I am sorry.

Mr. POAGE. You agree that the statement fails to face the facts, would you not?

Mr. McINTIRE. The facts are quite obvious, I think, within the framework of Public Law 480 that there is subsidy there—there is not any question about that.

Mr. POAGE. Certainly we are not attacking it—we were just trying to recognize what it is.

Mr. McINTIRE. Coming back, if I might comment to the point which you have well developed, Mr. Chairman, as to how far one should go, I think that the record of operations under Public Law 480 is very clear. Certainly, we go to that point where the commodity involved is in a physical position which permits it to be transported and used abroad. And, of course, the language in the amendment which recently was put on Public Law 480 by the Congress refers to domestically produced fishery products.

Now, I think that the same rule would apply, that the point of activity here in relation to the legislation that the Congress has already enacted, would be a product in a condition which would permit its handling and delivery abroad in a usable condition. In the case of sardines, as is the interest of our group from Maine, this certainly is not a case of delivered fresh fish off the boat—this is a processed product that is put into a can and made deliverable almost anywhere. For an indefinite period of time this commodity is virtually imperishable under reasonable conditions of handling.

I think it is very obvious that this is the point in which interest is and has been expressed so far as this particular commodity is concerned; that is the extent to which the program accepts or takes into its function a commodity in that condition, so that it can be delivered. It is of course, processed and this means that any activity here would be at the volume wholesale prices prevailing in the market at the time of the function under this law, at whatever price level that might be. This would be, undoubtedly, an activity in which the manufacturer would offer his commodity at a negotiated price and the price certainly would relate to a point of preparation where it could be handled and delivered abroad in a usable condition—but beyond that it would be appropriate to say that the intention is not to pay for services beyond the same type of delivery as is normally made with commodities under Public Law 480.

With wheat this is in a dry transportable, deliverable condition as grain, pretty largely. With cheese, so far as butter oil is concerned, there is a conversion at the cost of the American taxpayer to put it in an acceptable condition for delivery, particularly in India.

And by the same token other commodities have different characteristics.

The point I wish to make here, Mr. Chairman, in response to your very appropriate inquiry is that I do not think that there is any question but what the idea is that these products are, in fact, packaged—they are, in fact, put in a deliverable condition, but interested parties have no idea of extending services beyond that point of packaged convenience.

Mr. POAGE. Thank you, Mr. McIntire.

Mr. JONES of Missouri. There is one question that I want to ask. As to Public Law 480, most of it has been confined, or I should say the major portion of it has been confined to those products which, while in surplus, have been accumulated under a restrictive program, where the producer has tried to bring his production in line with demand and has taken a great reduction in the acreage involved and has tried to curtail the production, but even under those circumstances

we still have accumulated surpluses. Would your industry want to accept any kind of controls; and, if so, what type of control would be applicable?

Mr. McINTIRE. May I respond briefly to your point, Mr. Jones?

Mr. JONES of Missouri. Yes.

Mr. McINTIRE. Certainly, so far as my thinking is concerned in connection with this provision I am thinking somewhat in the context of section 32 in which some commodities do move through the authority of Public Law 480. In those instances it is used, when there is a rather clear definable surplus situation, so determined executively, and it is my thought that such a general rule would prevail in the use of this amendment. It would be used on a finding of a current surplus situation in a particular fishery product item. And on this finding then authorities move in for an alleviation of this surplus. In many of those commodity interests, Mr. Jones, which operate under Public Law 480, there are no production controls.

My thought in the implementation of this provision is that it would be on a rather intermittent and not a continuous basis, and for that reason it would avoid the basic problems associated with a perpetual surplus.

This is the principle which is set forth in the Saltonstall-Kennedy Act which is already on the books which, too, relates its funding to section 32. And my thought in this amendment is that it would come within that framework, not as a continuous program, but as a useful vehicle available when there has developed some surplus situation.

Mr. JONES of Missouri. I just want to make this comment. I have been very much disturbed and have come to the point where I am opposed to the use of section 32 funds to the extent that they have been used to bail out commodities in areas where the representatives from those areas have consistently opposed other programs where the producers have been willing to make reductions. I am afraid, particularly at this point, that we have spent millions of dollars when they have an overproduction in the citrus industry and nothing has irritated me more than the fact that we had taken over a part of the citrus crop, in the form of frozen juices, then they had a disaster, and then we permitted them to take their product back, and they raised the price. Whereas I formerly was buying, say, two cans of frozen juice for 35 cents, now it is costing me 35 cents a can.

I am getting tired of helping people who are unwilling to extend their cooperation to what I think is a more realistic program, where the producer is willing to accept controls in order to participate in a surplus distribution program.

Thank you, Mr. Chairman.

Mr. POAGE. Thank you, Mr. Jones.

Mr. HARDING. I think that the problem of how far we go has been thoroughly discussed. I would like to ask a question about when we go. You know last night the President signed a tax cut of approximately \$11.5 billion. And in the past few days there has been a lot of speeches on the floor of the Congress about cutting spending.

Are you in favor of cutting spending?

Mr. McFADDEN. I would say that would be too broad a statement. I think that there are certain areas that will have to stand on their own. I am not prepared to say.

Mr. HARDING. I want to ask, then, Are you in favor in cutting back Federal expenditures, to try and bring into being a balanced budget? Realizing our Federal Government would cut all but those necessary expenses to limit expenses to the amount of our tax income?

Mr. McFADDEN. I do not think in answering broadly a question which is as broad as that—I am not in favor. I do not think I would be in favor of cutting back spending at the expense of some program that has been built up and which is coming almost to the end, where it might be self-supporting, or it might mean something better would be coming from it. I do not think that I would be in favor of that. I think that in certain areas that would have to be decided on its own merits or something of that sort.

Mr. HARDING. You think that if there are meritorious programs, it is quite all right for the Federal Government to operate in those?

Mr. McFADDEN. I would think so, yes. We may operate at a deficit, and we try to do what we can. Perhaps we spend more money sometimes than we should for certain things, but we hope that at the end of the third year or so we will get out of debt, and get that straightened out and do something else. That may not be a good answer, but that is the way I feel.

Mr. HARDING. I think that you have been very frank in your answer. I would like to ask our colleague, Mr. McIntire, the same question. I think that you are very much in favor of a balanced budget; is that not correct?

Mr. McINTIRE. Yes, sir.

Mr. HARDING. Would you consider this program, if the Secretary of the Interior presented such a new program—and there has been a lot of criticism of some new programs—a valid Federal expenditure? Of if the Secretary of the Interior should find that we should enter into this type of Public Law 480 program for commercial fisheries, and if the Secretary of the Interior today made that finding, would you consider him a spender?

Mr. McINTIRE. Mr. Harding, it seems to me that we have this problem, each of us as Members of the House, and I do favor bringing our expenditures within the framework of our income; however, we are not in a static situation, and we are going to continue public expenditures in very broad areas. Some of them we can, I think, effectively cut back. Some of them are by the forces that prevail today going to be expanded, and we are not going to stay static as regards new programs. These things are coming up every day. And each of us must sort them out and put them into their priority position.

As to this program that we have had witnesses this morning testify about, I think that the funding of this program is an area we should consider. I say this because the language did not come into this act by any action of this committee. It came in by the action of the Congress—it came in by the action of the Senate and the support of the conference reports and because it is in this act, and because the jurisdiction of this act comes within the framework of this committee, I have been interested in gathering some testimony to build a legislative record in relation to this provision. And I say very frankly, I think where this is now in the jurisdiction of this committee, we might well look at how this is to be funded, making our recommendations as to just how it is to be funded. And if it might be a reasonable

proposal to do the funding through the Saltonstall-Kennedy Act by way of an amendment that provides a basis for incorporation in the Food for Peace program, then I throw this out as a proposition which I think our committee can examine. And we as a committee should determine whether or not this should be funded through the Commodity Credit Corporation or through the vehicles of the Saltonstall-Kennedy Act. There may be some committee jurisdiction involved here. These are not new problems, but I say very frankly that I think we ought to examine this, because I do not feel the legislative record is too explicit as to some of the details of how this amendment, which is now a part of the law, is to be handled. If it were incorporated, Mr. Harding, within the framework of section 32 and the Saltonstall-Kennedy provision, then this comes within the framework of the funding mechanism which, of course, is expenditure; I will grant you that. And to the extent to which this would be funding of the authority to purchase these commodities or funding for purchase of these commodities for export, it would be, in fact, a new provision in that act. And I will be frank to say that I do not think that we are acting in our best national interests, if we do not move forward vigorously in the attainment of worthy and necessary programs. This means we are not going to stand pat against new proposals. Each of us must frame those into our position in relation to the overall objective of the concept of a balanced budget.

Mr. HARDING. In other words, what the gentleman is saying, and I think that I would agree with him, is that we have a need for necessary new programs.

Mr. McINTIRE. We do, indeed.

Mr. HARDING. And each one should be judged on its merits?

Mr. McINTIRE. Yes, sir.

Mr. HARDING. And we should never attack any program, whether it be Public Law 480 subsidies to commercial fisheries, Federal aid to education, medical care for the aged, or any other proposed Federal program on the basis that we cannot afford it—we should instead look at each program on the basis of its merits?

Mr. McINTIRE. And each of us, individually, Mr. Harding, I think has to evaluate the priority of that proposal within the framework of his own philosophy as to how far one goes.

Mr. HARDING. I appreciate your answer. I would like to put this same question to Mr. De Lucien. How do you feel about the demands on Congress to cut back Federal spending—are you in sympathy with that?

Mr. DE LUCIEN. In answer to your question, Congressman Harding, I do believe in a balanced budget with respect to expenditures as they relate to income. Certainly, I think all of us philosophically believe in that, but realistically, in extension of your remarks and Congressman McIntire's remarks, we have to weigh each new program on its own merits, and fit it into a concept of a balance budget. And that I think is a logical approach to spending and income and fiscal responsibility.

Mr. HARDING. Then you would accept the reality that we are going to have new programs, even at a time when we are attempting to cut back our Federal budget?

Mr. DE LUCIEN. I would expect such a dynamic society.

Mr. HARDING. The final question that I want to ask of you, Mr. De Lucien, is do you think that this program has enough merit to justify it when we are operating at a deficit in our Federal budget? If the Secretary of the Interior should find that it is in the national interest and an effort should be made to make contracts to utilize the commercial fishery products in Public Law 480 programs—Do you think that is a matter of urgency or do you think this is one of the programs that can wait until we do have a balanced budget before we go into a new program requiring new financing?

Mr. DE LUCIEN. I think the answer should be that fishery products could be included in the existing mechanism of Public Law 480 activity, in that we—and I refer to my statement—indicated that we envisage a modest participation under title I and title IV to alleviate certain conditions of over-stocked domestic fishery products. At the same time I think that we would have an opportunity to develop overseas markets within the framework of Public Law 480 activities as well as establish markets through which we can, through private channels, follow up.

Mr. HARDING. The gentleman from Texas has very ably brought out that this proposal, as well as much of our food-for-peace program under Public Law 480 legislation is a subsidy. Any time that our Government makes long-term loans without interest we are certainly making a subsidy. You, as businessmen know, because you use a reserve for bad debts in your accounts receivable—that sales do not necessarily mean profits. Many of the underdeveloped countries of the world will never repay us for some of these foreign-aid programs. We might just as well write them off now as the subsidies they actually are. You talk about a modest program. When you say a modest program, what do you mean as the cost to the taxpayers? Are you talking about a million dollars annually or \$5 million annually—what is your interpretation of a modest program?

Mr. DE LUCIEN. I would have to defer to the agencies that would implement this program as to what their position would be within the framework of the executive branch of the Government. However, I will cite an example—we have the production of canned mackerel in southern California and, admittedly, the domestic market for this product is limited. However, we do have a carryover of this domestically produced product on hand. For example, we had a production in 1962 of 1.2 million cases. We had at the beginning of January 1, 1963, a carryover estimated in excess of 200,000 cases. If some of those cases in excess of domestic supply could go into overseas markets, this would help the domestic mackerel industry considerably.

Mr. HARDING. I think that this focuses our attention on the need for such a program.

May I conclude, Mr. Chairman by saying I want to compliment the witnesses who appeared here today. I think very frankly, after the Farm Bureau, the United States Chamber of Commerce and the C.E.D. that appeared last year, that this has been most refreshing to have a group of liberal, progressive businessmen come in and testify before this committee. [Laughter.]

Mr. DE LUCIEN. Well, will that stay in the record?

Mr. POAGE. Mr. Matsunaga?

Mr. MATSUNAGA. After that statement I do not believe that anything that I would say would be necessary. [Laughter.]

Mr. POAGE. Do you have anything further, Mr. McIntire?

Mr. McINTIRE. I would only say, Mr. Chairman, that my colleague, Mr. Harding, can well make his own comments on designating the political spectrum of any individual witness. I will, however, reserve my own opinion on this and also let my own record speak out for my position in political philosophy.

Thank you very much.

Mr. POAGE. The Chair would like to say that we do appreciate all of your contributions. When we asked you questions, we were not trying to embarrass you. I hope that is your thought, too. I recognize that I have a bad reputation in that respect, but I do not know of any other way to get the information, except to put out the questions. We do appreciate you coming here and giving us your testimony. It is a subject matter on which I am certain that I do not have too much knowledge and I am sure that the committee does not, either. We are not well versed on fisheries. We have to have you folks come here to tell us. And you should appreciate your Congressmen bringing you down here to acquaint us with this subject. After all, he is a long way from home now. Your conditions are quite different from those that many of the rest of us have. You are more on the order of the situation that Mr. Matsunaga—we do not know so much about his conditions so far away. We do not know so much about Senator Bartlett's State, for that matter. We do appreciate very much your being here.

Mr. McINTIRE. May I express our appreciation to you and the members of the subcommittee? And may I again restate my purpose in asking for time today to make the presentation on this provision in Public Law 480. I am one who feels rather deeply about the importance of a legislative record, and in the consideration of Public Law 480 which we are now studying toward the end of extension we were afforded the opportunity of developing a legislative record regarding this fishery products proposition or provision which is now in the law. I want to express my appreciation to the witnesses for the contribution they have made, and to the members of the subcommittee.

Thank you very kindly.

Mr. POAGE. Thank you very much.

The subcommittee will stand in recess until 10 o'clock tomorrow morning at which time representatives of the State Department will be present.

Thank you.

(Whereupon, at 12 noon, the subcommittee was in recess, to reconvene at 10 a.m., Friday, February 28, 1964.)

(The following letter was later submitted to the subcommittee:)

MAINE SARDINE COUNCIL,
Augusta, Maine, March 3, 1964.

Congressman W. R. POAGE,
Chairman, Subcommittee Foreign Agriculture Operations,
House Agriculture Committee, Washington, D.C.

DEAR CONGRESSMAN POAGE: During the hearing before your subcommittee on the inclusion of fishery products under Public Law 480 which was held on February 27, a couple of pertinent questions came up which we believe should have somewhat more detailed replies than our group was prepared to give at the time.

It is for this purpose that I write and it would be appreciated if this letter could be included in the record of the hearing.

One member asked in effect why if foreign sardine producers were subsidized by their governments, as mentioned in the statement read by the Bureau of Commercial Fisheries spokesman, it was necessary for him to pay 35 cents a can for the imported product.

There are some imported brands that retail from 35 cents to \$1 a can but the sales volume that they generate is infinitesimal as compared with the overall domestic sardine market. These are brands that have been established over a long period of years and retain a following of connoisseurs who are mostly in the upper income brackets. Because of this following the producers and the trade are able to charge the very high prices with a resulting high profit margin.

We do not believe that anyone expects or feels that they should be able to sell such expensive specialty items under the food-for-peace program and I am certain that our industry has no such ambitions.

The bulk of the sardines sold in the United States are those from Maine and California and the lower priced imported varieties. Our industry's products have an average retail price of about 12 cents a can and a wholesale price of about 9 cents with the latter figuring out to less than 40 cents a pound for good solid protein. The California type retails for even less on a per-pound basis while there are plenty of imported brands on sale at from 12 cents to 16 cents retail.

It is our lower priced can without key or wrapper that we see as an ideal, modestly priced item for food-for-peace. If purchased at the going wholesale price you may be sure that our canners, because of the inexorable laws of supply, demand, and competition will be making a very slim profit.

Another question dealt with the amount of money that would be involved by the inclusion of fishery products. We would expect that the Secretary of the Interior would be able to give you a good estimate on this in the very near future but it would seem to us that it would be an extremely small percentage as compared with the agricultural products operations.

We believe that our statement read by Mr. McFadden adequately covers other phases of the matter so far as our industry is involved.

Sincerely,

RICHARD E. REED, *Executive Secretary.*



LEGISLATIVE HISTORY

Public Law 88-638
S. 2687

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Index and summary of S. 2687	.1
Digest of Public Law 88-638	.2

INDEX AND SUMMARY OF S. 2687

- Mar. 25, 1964 Sen. Ellender introduced S. 2687 which was referred to the Senate Agriculture and Forestry Committee. Print of bill as referred.
- Aug. 7, 1964 Rep. Poage introduced H. R. 12298 which was referred to the House Agriculture Committee. Print of bill as introduced.
- Aug. 10, 1964 House committee voted to report (but did not actually report) H. R. 12298.
- Aug. 11, 1964 House committee reported H. R. 12298 with amendments. H. Report No. 1767. Print of bill and report.
- Aug. 12, 1964 House committee submitted supplemental report on H. R. 12298. H. Report No. 1767, part 2. Print of report.
- Aug. 17, 1964 House rejected, 82 to 71, a motion to suspend the rules and pass H. R. 12298.
- Senate committee ordered S. 2687 reported.
- Aug. 18, 1964 Senate committee reported S. 2687 with amendment. S. Report No. 1467. Print of bill and report.
- Aug. 19, 1964 Senate passed S. 2687 with amendment. Print of S. 2687 as passed by Senate.
- Aug. 20, 1964 House Rules Committee reported resolution for the consideration of H. R. 12298. H. Res. 865, H. Report No. 1836. Print of resolution and report.
- Sept. 2, 1964 House began debate on H. R. 12298.
- Sept. 3, 1964 House passed H. R. 12298 with amendments; vacated action and passed S. 2687, substituting language of H. R. 12298 as passed.
- H. R. 12298 was laid on table due to passage of S. 2687.
- House conferees were appointed.
- Sept. 10, 1964 Senate conferees were appointed.

INDEX AND SUMMARY OF S. 2687, cont'd

Sept. 22, 1964 House received conference report on S. 2687.
H. Report No. 1897. Print of report.

Summary of conference report.

Sept. 23, 1964 Senate debated conference report.

House agreed to conference report.

Sept. 24, 1964 Senate agreed to conference report.

Oct. 8, 1964 Approved: Public Law 88-638.

President's statement when signing bill.

Hearings: S. Agri. and Forestry Committee on S. 1498,
S. 2687, and S. 2925, Aug. 12, 1964.

H. Agri. Committee:

1) Administration of 1963 Fishery Amend-
ment to P. L. 480, Serial MM, Feb. 27,
1964; and

2) Extension of Public Law 480--Titles I and
II, Serial LL, Feb. 1964.

DIGEST OF PUBLIC LAW 88-638

AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT AMENDMENTS.

Extends Titles I and II of Public Law 480, 83rd Congress, for two years, through December 31, 1966. Authorizes \$2,700,000,000 plus carryovers and reimbursements to Commodity Credit Corporation from sales of foreign currencies for dollars to cover the extended period for Title I. Provides an annual authorization of \$400,000,000 plus carryover for Title II. Prohibits sales under Title I to any Communist country or any country whose ships or aircraft are permitted to carry goods to Cuba, but provides that such countries shall be eligible for sales under Title IV. Limits financing on ocean freight charges on Title I shipments to U. S. flag vessel differentials. Requires exchange rates to be no less favorable than those obtainable by any other nation. Establishes an advisory committee to review the status and usage of foreign currencies, the maximum return from sales under Title I, and to make recommendations to the President, including recommendations for improving the act and its administration. Authorizes the use of CCC funds up to \$7.5 million a year under Title II to purchase Title I foreign currencies for use on self-help activities designed to alleviate the causes of need for assistance. Requires that foreign currencies obtained from sales under Title I be converted to dollars to the extent consistent with the purposes of the act. Requires that expenditures be classified for purposes of budget presentation as expenditures for international affairs and finance. Removes the ceiling on foreign currencies reserved for loans to private business and provides that such currency shall be made available to the maximum usable extent. Provides that foreign currency nonmilitary grants and use of loan repayments be submitted to the Senate Agriculture and Forestry Committee and the House Agriculture Committee and prohibits them from being made if either Committee disapproves. Requires that Title I loans bear interest at not less than the cost of funds to the United States. Makes the minimum interest rate provided by law for Development Loan Fund loans the minimum rate for interest on sales of surplus commodities for dollar credit under Title IV. Directs the Commodity Credit Corporation to sell extra long staple cotton determined by the Secretary of Agriculture to be surplus at competitive world prices.

AMERICAN TRADE COMMISSION

REPORT OF THE COMMISSIONER OF THE AMERICAN TRADE COMMISSION
FOR THE YEAR 1904
PUBLISHED BY THE GOVERNMENT PRINTING OFFICE
WASHINGTON, D. C. 1905

The American Trade Commission was organized by the Act of March 3, 1904, (33 Stat. 1034), and its first report was presented to the Senate and House of Representatives on July 1, 1905. The Commission was organized to investigate and report on the conditions of trade between the United States and foreign countries, and to recommend measures for the improvement of such trade.

The Commission has since that time held numerous public hearings, and has received many suggestions from merchants, manufacturers, and other interested parties. It has also conducted extensive research into the various factors which influence international trade, and has prepared a number of reports on specific subjects.

The following is a summary of the work of the Commission during the year 1904:

1. **Public Hearings.** The Commission held public hearings on the following subjects:

- (a) The Tariff on Imports of Foreign Goods.
- (b) The Tariff on Exports of Domestic Goods.
- (c) The Tariff on Imports of Foreign Goods from the Philippines.
- (d) The Tariff on Exports of Domestic Goods to the Philippines.
- (e) The Tariff on Imports of Foreign Goods from the Hawaiian Islands.
- (f) The Tariff on Exports of Domestic Goods to the Hawaiian Islands.
- (g) The Tariff on Imports of Foreign Goods from the Samoan Islands.
- (h) The Tariff on Exports of Domestic Goods to the Samoan Islands.
- (i) The Tariff on Imports of Foreign Goods from the Virgin Islands.
- (j) The Tariff on Exports of Domestic Goods to the Virgin Islands.
- (k) The Tariff on Imports of Foreign Goods from the British Virgin Islands.
- (l) The Tariff on Exports of Domestic Goods to the British Virgin Islands.
- (m) The Tariff on Imports of Foreign Goods from the Danish West Indies.
- (n) The Tariff on Exports of Domestic Goods to the Danish West Indies.
- (o) The Tariff on Imports of Foreign Goods from the French West Indies.
- (p) The Tariff on Exports of Domestic Goods to the French West Indies.
- (q) The Tariff on Imports of Foreign Goods from the German West Indies.
- (r) The Tariff on Exports of Domestic Goods to the German West Indies.
- (s) The Tariff on Imports of Foreign Goods from the Italian West Indies.
- (t) The Tariff on Exports of Domestic Goods to the Italian West Indies.
- (u) The Tariff on Imports of Foreign Goods from the Japanese West Indies.
- (v) The Tariff on Exports of Domestic Goods to the Japanese West Indies.
- (w) The Tariff on Imports of Foreign Goods from the Spanish West Indies.
- (x) The Tariff on Exports of Domestic Goods to the Spanish West Indies.
- (y) The Tariff on Imports of Foreign Goods from the United Kingdom.
- (z) The Tariff on Exports of Domestic Goods to the United Kingdom.

2. **Research.** The Commission has conducted extensive research into the various factors which influence international trade, and has prepared a number of reports on specific subjects.

3. **Recommendations.** The Commission has recommended a number of measures for the improvement of international trade, and has urged the Government to take prompt action thereon.

4. **Publications.** The Commission has published a number of reports on its work, and has also prepared a number of pamphlets for distribution to the public.

5. **Conclusions.** The Commission believes that the conditions of trade between the United States and foreign countries are generally favorable, but that there is still much to be done to improve them. It urges the Government to continue its efforts to secure the most favorable trade conditions for the United States.

S. 2687

IN THE SENATE OF THE UNITED STATES

MARCH 25 (legislative day, MARCH 9), 1964

MR. ELLENDER introduced the following bill; which was read twice and referred to the Committee on Agriculture and Forestry

A BILL

To extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 That the Agricultural Trade Development and Assistance
4 Act of 1954, as amended, is further amended as follows:

5 (1) Section 101 of such Act is amended by adding at
6 the end thereof the following new subsection:

7 “(g) require such foreign currencies to be convertible
8 to dollars to the extent consistent with effectuation of the
9 purposes of this Act.”

10 (2) Section 102 of such Act is amended by adding at
11 the end thereof the following: “The Commodity Credit Cor-

1 poration shall finance ocean freight charges under this section
2 only to the extent that such charges are higher (than would
3 otherwise be the case) by reason of a requirement that the
4 commodities be transported in United States-flag vessels.

5 (3) Effective January 1, 1965, section 103 (b) of such
6 Act is amended to read as follows:

7 “(b) Agreements shall not be entered into under this
8 title during the period beginning January 1, 1965, and end-
9 ing December 31, 1969, which will call for appropriations
10 to reimburse the Commodity Credit Corporation in a total
11 amount in excess of \$7,100,000,000 plus any amount by
12 which agreements entered into in prior years have called
13 or will call for appropriations to reimburse the Commodity
14 Credit Corporation in amounts less than authorized for such
15 prior years by this Act as in effect during such years:
16 *Provided*, That agreements shall not be entered into during
17 any calendar year of such period which will call for appro-
18 priations to reimburse the Commodity Credit Corporation in
19 amounts in excess of \$2,500,000,000. In addition to the
20 agreements which may be entered into within the foregoing
21 limitations, agreements may also be entered into in an
22 amount equal to amounts received in United States dollars
23 as loan repayments under this title and deposited to the
24 account of the Commodity Credit Corporation or as reim-
25 bursements from other agencies pursuant to section 105

1 of this Act or section 407 of the Act of September 1, 1954,
2 as amended (5 U.S.C. 171z-1).”

3 (4) Section 104 of such Act is amended by striking out
4 in subsection (c) the word “military” and inserting after
5 the words “common defense” the words “including internal
6 security”.

7 (5) Section 104 of such Act is amended by striking
8 from subsection (c) the words “not more than 25 per
9 centum of the currencies received pursuant to each such
10 agreement shall be available” and substituting “currencies
11 shall also be available”.

12 (6) Section 104 of such Act is amended by adding the
13 following new subsections:

14 “(t) For the sale for dollars to nonprofit voluntary
15 agencies for payment of expenses in foreign countries in
16 connection with the distribution of surplus agricultural com-
17 modities and products thereof pursuant to titles II and III
18 of this Act and section 9 of the Act of September 6, 1958
19 (72 Stat. 1790): *Provided*, That nothing contained herein
20 shall prohibit the payment of such expenses pursuant to other
21 authority contained in this or any other Act.

22 “(u) For the sale for dollars to privately owned United
23 States-flag commercial vessels for use in paying port fees,
24 unloading, lightering, and other necessary expenses in foreign
25 ports in connection with the carrying of cargo under this

1 Act and section 9 of the Act of September 6, 1958 (72
2 Stat. 1790).”

3 (7) Section 104 of such Act is amended by adding at
4 the end thereof the following: “Any loan made under the
5 authority of this section shall bear interest at such rate as the
6 President may determine but not ~~more~~^{less} than the cost of funds
7 to the United States Treasury, taking into consideration the
8 current average market yields on outstanding marketable
9 obligations of the United States having maturity comparable
10 to the maturity of such loans.”

11 (8) Section 108 of such Act is amended by striking out
12 the words “six months” and inserting in lieu thereof the
13 word “year”; and by adding at the end of such section the
14 following: “In the case of any country which has more than
15 one exchange rate, or for which the exchange rate in effect
16 at the time of the sale did not reflect the real value of the
17 foreign currency, such report shall specify the various effec-
18 tive exchange rates, the exchange rate applied to the sale, an
19 estimate of the real value of the currency, and such other
20 information as may be appropriate to explain the trans-
21 action”.

22 (9) Section 203 of such Act is amended (i) by striking
23 out “1961” and substituting “1965”; (ii) by striking out
24 “1964” and substituting “1969”; (iii) by striking out
25 “\$300,000,000”, and substituting “\$450,000,000”; and

(iv) by inserting after “charges for general average contributions arising out of the ocean transport of commodities transferred pursuant hereto” the following: “or donated under said section 416, section 308 of this Act or section 9 of the Act of September 6, 1958 (72 Stat. 1790)”. Clauses (i), (ii), and (iii) hereof shall not become effective until January 1, 1965.

(10) Sections 109 and 204 of such Act are amended by striking out “1964” and inserting “1969”.

(11) Title III of such Act is amended by adding at the end thereof the following new section:

“SEC. 309. The President shall take such measures as may be necessary to assure that funds and commodities available under titles I and IV and section 202 of this Act are used only to carry out purposes which otherwise would be carried out with appropriated funds. The President shall include in the annual budget required by the Budget and Accounting Act, 1921, for the fiscal year ending June 30, 1966, and for each fiscal year thereafter a statement showing for each subsection of section 104 the following: (a) The estimated amount of foreign currencies available under title I for the purposes of such subsection, and the amount proposed to be used therefor during such fiscal year; (b) the estimated amount of all other commodities and funds available under each other provision of this and other Acts for

1 generally similar purposes, and the amount thereof proposed
2 to be used for such generally similar purposes during such
3 fiscal year; (c) the amount of appropriations provided for
4 in the budget for generally similar purposes, designating
5 each appropriation item; (d) the reasons for not using com-
6 modities and funds described in (a) and (b) in lieu of the
7 appropriations described in (c); and (e) the total amounts
8 of currencies, commodities, and funds devoted to such pur-
9 poses and generally similar purposes during the period
10 beginning July 10, 1954, and ending with the last date prior
11 to the submission of the budget for which such information
12 is available. For the purposes of the foregoing sentence
13 currencies, commodities, and funds shall be considered avail-
14 able for any purpose if they could lawfully and properly be
15 used for such purpose, even though they may have been
16 administratively allocated to some other purpose. Such
17 statement shall also contain an estimate of the value of com-
18 modities to be covered by sales agreements or grants negoti-
19 ated or made under titles I and IV and section 202 of this
20 Act, respectively, during such fiscal year; the amounts of the
21 sales proceeds therefor (including the value of any economic
22 or community development carried out through grants under
23 section 202); the purposes for which such proceeds will be
24 used; the extent to which such use will preclude the neces-
25 sity for the appropriation of other funds; and, if any foreign

1 currencies which will accrue under any such agreement
2 cannot be used within the foreseeable future, the reasons for
3 entering into such agreement. No agreement shall be entered
4 into which would result in exceeding any estimate provided
5 for in the preceding sentence, or such other limitation as may
6 be fixed by appropriation Act.”

7 (12) The first sentence of section 403 of such Act is
8 amended by striking out the words “more than” and insert-
9 ing the words “less than”.

A BILL

To extend the Agricultural Trade Development
and Assistance Act of 1954, and for other
purposes.

By Mr. ELLENDER

MARCH 25 (legislative day, MARCH 9), 1964
Read twice and referred to the Committee on
Agriculture and Forestry

88TH CONGRESS
2D SESSION

H. R. 12298

IN THE HOUSE OF REPRESENTATIVES

AUGUST 7, 1964

Mr. POAGE introduced the following bill; which was referred to the Committee on Agriculture

A BILL

To extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That the Agricultural Trade Development and Assistance
4 Act of 1954, as amended, is further amended as follows:
5 (1) Effective January 1, 1965, section 103 (b) of such
6 Act is amended by striking out "1962" and substituting in
7 lieu thereof "1965", by striking out "1964" and substituting
8 in lieu thereof "1967", by striking out "\$4,500,000,000"
9 and substituting in lieu thereof "\$4,000,000,000", and by
10 inserting prior to the colon the following: "plus any amount
11 by which agreements entered into in prior years have called

1 or will call for appropriations to reimburse the Commodity
2 Credit Corporation in amounts less than authorized for such
3 prior years by this Act as in effect during such years”.

4 (2) Section 104 of such Act is amended by striking
5 out in subsection (c) the word “military” and inserting after
6 the words “common defense” the words “including internal
7 security”.

8 (3) Section 104 of such Act is amended by striking
9 from subsection (e) the words “not more than 25 per
10 centum of the currencies received pursuant to each such
11 agreement shall be available” and substituting “currencies
12 shall also be available to the maximum usable extent”.

13 (4) Section 104 of such Act is amended by adding the
14 following new subsections:

15 “(u) To use foreign currencies which are in excess of
16 the normal requirements of the United States as determined
17 by the Secretary of the Treasury, to promote the develop-
18 ment of the resources of less developed friendly foreign
19 countries, their technical knowledge and skills in fields such
20 as food production and distribution, education, health and
21 medicine, and engineering, in a manner which will secure
22 to the United States the maximum benefit from currencies
23 accruing under this title: *Provided, however,* That no such
24 use shall be made of such currencies which would have the

1 effect of reducing the dollar reimbursement to the Commodity
2 Credit Corporation for foreign currencies. There is hereby
3 established an advisory committee composed of the Secretary
4 of Agriculture, the Director of the Bureau of the Budget, the
5 Administrator of the Agency for International Development,
6 the chairman and the ranking minority member of the House
7 Committee on Agriculture, and the chairman and the ranking
8 minority member of the Senate Committee on Agriculture
9 and Forestry. The functions of such Committee shall be to
10 review from time to time the status of foreign currencies
11 which accrue under this title and to make recommendations
12 to the President with regard to (1) the use of excess cur-
13 rencies under the authority conferred upon him by this
14 subsection and (2) grants under subsection (e) hereof.

15 “(v) For the use of the House Committee on Agricul-
16 ture and the Senate Committee on Agriculture and Forestry
17 to make investigations and studies deemed necessary by the
18 chairman of the respective committees to carry out their
19 statutory responsibility for legislative oversight of operations
20 under the provisions of this Act.”

21 (5) The first proviso at the end of section 104 of such
22 Act is amended by striking out “to not less than 10 per
23 centum of the foreign currencies which accrue under this
24 title:” and substituting “, effective with respect to agree-

1 ments entered into beginning January 1, 1965, to not less
2 than 20 per centum in the aggregate of the foreign currencies
3 which accrue under such agreements:”.

4 (6) Section 108 of such Act is amended by striking
5 out the words “six months” and inserting in lieu thereof
6 the word “year”.

7 (7) Sections 109 and 204 of such Act are amended by
8 striking out “1964” and substituting in lieu thereof “1967”.

9 (8) Section 203 of such Act is amended by striking
10 out “1961” and substituting “1965”; by striking out “1964”
11 and substituting “1967”; by striking out “\$300,000,000”,
12 and substituting “\$450,000,000”; and by inserting after
13 “charges for general average contributions arising out of
14 the ocean transport of commodities transferred pursuant
15 hereto” the following: “or donated under said section 416,
16 section 308 of this Act or section 9 of the Act of September
17 6, 1958.”

18 (10) Section 203 of the Act is amended by inserting
19 after the third sentence of said section the following new
20 sentence: “In addition to other funds available for such
21 purposes under any other Act, funds made available under
22 this title may be used to purchase foreign currencies accruing
23 under title I in order to meet costs (except the personnel
24 and administrative costs of cooperating sponsors, distributing
25 agencies, and recipient agencies) designed to assure that

1 commodities made available under this title or under title
2 III are used to carry out more effectively the purposes for
3 which such commodities are made available or to promote
4 community and other self-help activities designed to alleviate
5 the causes of the need for such assistance: *Provided, how-*
6 *ever,* That such funds shall be used only to supplement and
7 not substitute for, funds normally available for such purposes
8 from other non-United States Government sources.” and
9 by inserting after the word “costs” in the last sentence the
10 words “or for the purchase of foreign currencies”.

11 (11) Section 101 of such Act is amended by striking
12 out in subsection (f) the words “from the government or
13 agencies thereof” and further by striking the period at the
14 end of subsection (f) and adding the following: “, and
15 which are not less favorable than the highest of exchange
16 rates obtainable by any other nation.”.

17 SEC. 2. Subsection (b) of section 612 of the Foreign
18 Assistance Act of 1961, as amended, is amended (1) by
19 redesignating it as subsection (t) of section 104 of the Agri-
20 cultural Trade Development and Assistance Act of 1954,
21 as amended.

22 (2) By striking “this Act” and substituting “the For-
23 eign Assistance Act of 1961, as amended.”.

24 (3) By changing the period at the end of the subsection
25 to a comma and adding “except that in the case of any such

1 foreign currencies acquired through operations under title I
2 of the Agricultural Trade Development and Assistance Act
3 of 1954, as amended, the United States dollars received
4 from the sale of such foreign currencies shall be deposited to
5 the account of the Commodity Credit Corporation and shall
6 be treated as a reimbursement to Commodity Credit Corpo-
7 ration under section 105 of this Act.”

8 SEC. 3. Section 416 of the Agricultural Act of 1949, as
9 amended, is amended by adding the following at the end
10 of such section: “The assistance to needy persons provided
11 in (4) above shall, insofar as practicable, be directed toward
12 community and other self-help activities designed to alleviate
13 the causes of the need for such assistance.”.

88TH CONGRESS
2D SESSION

H. R. 12298

A BILL

To extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes.

By Mr. POAGE

AUGUST 7, 1964

Referred to the Committee on Agriculture

A BILL

For the relief of the Government of the District of Columbia and for other purposes.

IN SENATE,

January 1, 1921.

REPORT OF THE COMMITTEE ON THE DISTRICT OF COLUMBIA

Digest of CONGRESSIONAL PROCEEDINGS

OFFICE OF
BUDGET AND FINANCE

(For information only;
should not be quoted
or cited)

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE

Washington, D. C. 20250

Official business Postage and fees paid

U. S. Department of Agriculture

Issued August 11, 1964

For actions of August 10, 1964

88th-2nd; No. 155

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HIGHLIGHTS: House committee voted to report Public Law 480 bill. Senate debated foreign-aid authorization bill. Senate agreed to one hour debate limitation on House amendment to poverty bill. Senate committee reported land-water conservation fund bill. Senate committee reported bill restricting FPC jurisdiction over electric cooperatives.

HOUSE

- PUBLIC LAW 480.** The Agriculture Committee voted to report (but did not actually report) H. R. 12298, to extend the Agricultural Trade Development and Assistance Act of 1954. p. D666
- RESEARCH.** Rep. Elliott presented and discussed the second report of the Select Committee on Government Research on administration of research and development grants (H. Rep. 1729). pp. 18266, A4206-7
- NATIONAL PARKS.** A subcommittee of the Interior and Insular Affairs Committee voted to report to the full committee H. R. 12289, amended, to establish the Lewis and Clark Trail Commission; and H. R. 6925, amended, to provide for the establishment of the Canyonlands National Park, Utah. p. D666
- LEGISLATIVE PROGRAM.** The "Daily Digest" states that on Tues. action will be taken on the resolution providing for sending to conference H. R. 1839, the meat-import and wild birds and animals bill. p. D666

SENATE

5. POVERTY. Agreed to limit debate to 1 hour on agreeing to the House amendment to S. 2642, the poverty bill. p. 18243
6. ELECTRIFICATION. The Commerce Committee reported with amendments S. 2028, to amend the Federal Power Act regarding jurisdiction of the Federal Power Commission over nonprofit cooperatives (S. Rept. 1363). p. 18164
7. RECREATION. The Interior and Insular Affairs Committee reported H. R. 3846, to establish a land and water conservation fund (S. Rept. 1364) and, with amendments, S. 2249, to establish the Indiana Dunes National Lakeshore (S. Rept. 1362). pp. 18257, 18164
8. STATE, JUSTICE, COMMERCE, JUDICIARY APPROPRIATION BILL, 1965. A Subcommittee of the Appropriations Committee approved for full committee consideration this bill, H. R. 11134. p. D664
9. RURAL DEVELOPMENT. Sen. Humphrey inserted a speech by David E. Bell discussing the problems of rural development in underdeveloped areas. pp. 18188-90
10. FOREIGN AID. Continued debate on H. R. 11380, the foreign-aid authorization bill. pp. 18211-47

ITEMS IN APPENDIX

11. WATER RESOURCES. Sen. Holland inserted the annual report of the National Rivers and Harbors Congress. pp. A4201-2
12. CONSERVATION. Extension of remarks of Sen. Hartke inserting an article, "A Few More Acts, and 88th Will Be 'The Conservation Congress.'" pp. A4202-3
13. OPINION POLL. Extension of remarks of Rep. Broyhill, N. C., inserting the results of an opinion poll, including items of interest to this Department. pp. A4204-5
14. NATIONAL PARKS. Extension of remarks of Rep. Morris inserting Interior Secretary Udall's memorandum which "has clearly spelled out the management principles to be followed" in the management of the national parks. pp. A4208-10
15. PATENTS. Extension of remarks of Rep. Mathias stating that there is need for a revision of patent laws, and inserting three articles on this subject. pp. A4217-8

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COMMITTEE HEARINGS AUG. 11:

Food stamp bill, H. Rules

Housing bill, H. Rules

Independent offices appropriations, conferees (exec).

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Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE

Washington, D. C. 20250

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OFFICE OF
BUDGET AND FINANCE

(For information only;
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Issued Aug. 12, 1964

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88th-2nd; No. 156

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HIGHLIGHTS: House concurred in Senate version of food-stamp bill. Meat-imports bill was sent to conference. House committee reported Public Law 480 bill. Senate concurred in House amendment to poverty bill. Senate debated foreign-aid authorization bill.

HOUSE

1. FOOD STAMPS. Concurred in the Senate amendments to H. R. 10222, to provide specific statutory authority for a food stamp plan. This bill will now be sent to the President. pp. 18325-8
2. MEAT IMPORTS. Voted to request a conference on H. R. 1839, the meat imports bill. House and Senate conferees were appointed. pp. 18311-25, 18452

3. PUBLIC LAW 480. The Agriculture Committee reported with amendments H. R. 12298, to extend the Agricultural Trade Development and Assistance Act (H. Rept. 1767). p. 18390
4. ALASKA CENTENNIAL. The Judiciary Committee reported without amendment S. 49, to provide for establishment of the Alaska Centennial Commission to study and report on the extent to which the U. S. should participate in the Alaska centennial celebration in 1967 (H. Rept. 1733). p. 18389
5. EXPOSITIONS. The Foreign Affairs Committee reported without amendment H. J. Res. 952, authorizing the President to call upon the States and foreign countries to participate in the International Exposition for southern Calif. (H. Rept. 1737). p. 18390
The Foreign Affairs Committee reported with amendment H. R. 11707, to provide for U. S. participation in the Canadian Universal International Exposition (H. Rept. 1738). p. 18390
6. CROP INSURANCE. The Agriculture Committee reported without amendment S. 277, to authorize extension of crop insurance to 150 additional counties per year rather than 100, as now provided (H. Rept. 1740). p. 18390
7. SEED-SCREENING IMPORTS. The Agriculture Committee reported without amendment H. R. 3607, to amend the Federal Seed Act so as to limit the importation of seed screenings (H. Rept. 1742). p. 18390
8. ASC COMMITTEEMEN. The Agriculture Committee reported without amendment H. R. 9178, to limit terms and provide for staggered terms of ASC committeemen (H. Rept. 1743). p. 18390
9. WATER RESOURCES. The Interior and Insular Affairs Committee reported with amendment H. R. 5118, to authorize the Whitestone Coulee unit of the Okanogan-Similkameen division, Chief Joseph Dam project, Wash. (H. Rept. 1747). p. 18390
The Rules Committee reported a resolution for consideration of H. R. 9752, to preserve jurisdiction over construction of hydroelectric projects on the Colo. River below Glen Canyon Dam. p. 18390
10. COMMUNITY DEVELOPMENT. The Agriculture Committee reported with amendment H. R. 5406, to authorize this Department to cooperate with States and other public agencies in planning for changes in the use of agricultural land in rapidly expanding urban areas and in other nonagricultural use areas (H. Rept. 1757). p. 18390
11. FARM LOANS; NATIONAL PARK. The Agriculture Committee reported with amendment H. R. 8290, to authorize addition of certain FHA-foreclosed lands to the Everglades National Park, Fla. (H. Rept. 1758). p. 18390
12. INFORMATION. The Rules Committee reported a resolution for consideration of H. R. 9586, to provide for establishment of a National Council on the Arts to assist in development of the arts, including photography and motion pictures. p. 18390
13. D. C. APPROPRIATION BILL, 1965. Received the conference report on this bill, H. R. 10199 (H. Rept. 1732). pp. 18268-9
14. INDEPENDENT OFFICES APPROPRIATION BILL, 1965. House conferees were appointed on this bill, H. R. 11296. Senate conferees have already been appointed. p. 18271

EXTENSION AND AMENDMENT OF PUBLIC LAW 480

AUGUST 11, 1964.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. COOLEY, from the Committee on Agriculture, submitted the following

R E P O R T

[To accompany H.R. 12298]

The Committee on Agriculture, to whom was referred the bill (H.R. 12298) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes, having considered the same, reports favorably thereon with amendments and recommends that the bill do pass.

The amendments are as follows:

Page 2, beginning on line 4, strike out "striking out in subsection (c) the word 'military' and inserting " and insert "inserting in subsection (c)".

Page 2, line 14, strike out "subsections" and insert "subsection".

Page 2, beginning on line 19, strike out "countries, their technical knowledge and skills in fields such as food production and distribution, education, health and medicine, and engineering," and insert "countries".

Page 3, beginning on line 15, strike out all of proposed new subsection (v).

Page 4, line 18, strike out "(10)" and insert "(9)".

Page 4, line 25, strike out "agencies)" and insert "agencies, and the costs of construction or maintenance of any church owned or operated edifice to be used for sectarian purposes)".

Page 5, line 11, strike out "(11)" and insert "(10)".

GENERAL STATEMENT

The plentiful production of America's farms is the greatest stabilizing force today in the economy of the free world. Our food has been the free world's bulwark against the spread of communism.

Public Law 480, the Food-for-Peace Act, is the most effective instrument ever devised by any government to share its food abund-

ance with free and hungry people the world over. Under this program, which originated with the Agricultural Trade Development and Assistance Act of 1954, the products of America's farms reached more than 100 million people in more than 100 nations.

H.R. 12298 extends Public Law 480 for 3 years and makes changes in the law designed primarily (a) to encourage the development of free enterprise in, and expanded normal commerce with, other nations, and (b) to return a greater benefit to the United States from the foreign currencies which accrue from the sale of U.S. agricultural commodities under the act.

MAJOR PROVISIONS

Following are the major provisions of H.R. 12298:

1. Extends title I of the act for 3 years, until December 31, 1967. This title governs the sale of farm commodities for foreign currencies. This new legislation authorizes sale of agricultural commodities for foreign currencies at the same average rate as the present law—approximately \$1.7 billion a year.

2. Removes the 25-percent limitation on the amount of foreign currencies which may be made available for loans to private business for free enterprise developments in other nations, under the "Cooley loan" program. This authorization of credits to stimulate free enterprise in the free world was written into the Food-For-Peace Act in 1957 "to hasten the building of free enterprise, self-sustaining economies in the developing nations of the world" and is popularly known by the name of its author.

3. Increases from 10 to 20 percent the proportion of foreign currencies which must be devoted exclusively to U.S. uses and made subject to the appropriating process.

4. Authorizes the use of excess foreign currencies which have accrued in about six countries for special programs "which will secure to the United States the maximum benefit for currencies accruing under" the surplus sales program and establishes a special top-level committee to advise the President on such currency uses.

5. Makes grants of foreign currency for economic development subject to scrutiny by the same top-level committee.

6. Extends for 3 years, through 1967, title II of the act which authorizes the use of surplus food commodities by the President for disaster relief and community development projects overseas. Authorizes the commitment of not to exceed \$450 million annually of surplus commodities for this purpose.

7. Authorizes the use of foreign currencies, to a limited extent, to supplement the use of surplus foods in community improvement and self-help work projects. Such currencies could not be used for construction or maintenance of any church owned or operated edifice or any other edifice to be used for sectarian purposes.

8. Requires that agreements for the sale of surplus commodities for foreign currencies shall be made at the most favorable legal exchange rate and not less than the rate available to any other country.

9. Authorizes the sale of foreign currency to tourists and other private individuals where a saving in dollar outgo may be made by such sales.

10. Requires that donations of food commodities under the authority of this act shall, insofar as practicable, "be directed toward

community and other self-help activities designed to alleviate the causes of the need for such assistance.”)

PROGRAM SERVES AMERICA AND THE FREE WORLD

Public Law 480 has served the national interest well in the past 10 years. This landmark legislation, in assuring enlarged outlets for U.S. farm products, has been an essential stabilizing influence on the American agricultural economy during a difficult supply-demand adjustment period. At the same time, Public Law 480—the foundation of the food-for-peace program—has enabled the United States to meet urgent food requirements of less developed free world countries and has promoted their economic growth.

Activities under title I—authorizing sales of farm products for foreign currencies—have constituted the major component of the overall Public Law 480 program. Under title I, 62 percent of Public Law 480 shipments have moved to needy people in less developed countries through private trade channels, both in the United States and abroad. The foreign currencies received in payment are being used constructively to accelerate economic growth in less developed countries, to finance U.S. agency programs, and to develop new commercial markets for American farm products.

The lifting of the 25-percent restriction on the use of currencies for “Cooley loans” will permit a vast expansion of this free enterprise development program, as may be agreed upon by the United States and the countries entering into Public Law 480 agreements.

Showcases of free enterprise have been established in many countries by such loans. In the last 7 years, since the program was inaugurated, approximately \$200 million in foreign currency has been used in “Cooley loans” in Latin America, Asia, Africa, and Europe.

Title II authorizes the use of U.S. farm products in emergency assistance programs, such as are required following earthquakes, floods, droughts, or other disasters. Title II commodities also are utilized to support economic development projects in the emerging countries. Exports under title II in the past 10 years account for 9 percent of Public Law 480 shipments.

Title III authorizes donations of surplus food. This food may be donated for use by eligible recipients in the United States and also for distribution to needy persons overseas through nonprofit American voluntary relief agencies and intergovernmental organizations. Foreign donations have accounted for 13 percent of total Public Law 480 exports.

Title III also authorizes the barter of Government-owned commodities for foreign-produced strategic and other materials, goods, and equipment. Bartered farm products have made up 15 percent of total Public Law 480 exports over the past decade.

Title IV, enacted late in 1959, provides for the expansion or maintenance of export sales of U.S. farm products for dollars through long-term supply and credit contracts. Activity under title IV is increasing as countries which have bought U.S. commodities for foreign currencies begin to make the transition to cash buying.

In the 10 years through June 30, 1964, Public Law 480 programs have resulted in commitments totaling over \$20 billion at cost to the Commodity Credit Corporation. This total includes substantial

amounts of ocean transportation being financed by CCC under cargo preference and other requirements, and is considerably higher than the world market value of these commodities. The world market value of these commodities is estimated at about \$15 billion.

Actual exports of commodities through June 30, 1964, under Public Law 480 programs, total about \$12.3 billion at world market prices with substantial quantities still to be moved under present commitments. The \$12.3 billion is about 27 percent of the total \$44.8 billion worth of all U.S. agricultural commodities exported during this period.

Public Law 480 has a tremendous economic impact on some agricultural commodities.

The United States has exported about 3½ billion bushels of wheat under Public Law 480. This is equal to three average U.S. crops. Shipments under the program in the fiscal year 1964 were equivalent to 43 bushels out of every 100 bushels of wheat U.S. farmers harvested in 1963.

Rice shipments since 1954 total 160 million bags, rough basis. That is equivalent to more than two average U.S. crops. Public Law 480 shipments in the fiscal year 1964 equaled 30 bags out of every 100 harvested by ricegrowers in 1963.

Public Law 480 cotton exports over the years amount to 11 million bales, or about two-thirds of a U.S. crop. These shipments have added over \$1.5 billion to the incomes of American cotton producers.

Other exports include 5.5 billion pounds of nonfat dry milk, 4.8 billion pounds of soybean oil, and sizable volumes of feed grains and tobacco.

In terms of value, total U.S. agricultural exports in the 1964 fiscal year established by a wide margin a record high of \$6.1 billion. Of this total, \$1.5 billion or about 25 percent, represented shipments under Public Law 480.

DETAILED RECORD UNDER PUBLIC LAW 480

A detailed record of the operations and accomplishments under Public Law 480, the Food-for-Peace Act, is displayed in the following discussions and tables.

Title I, foreign currency sales

The primary purpose of title I is to make possible increased sales of surplus agricultural commodities to friendly countries which are unable to expand their commercial purchases because of a lack of dollar exchange.

The total authorization of the program through December 31, 1964, is \$15.75 billion, of which agreements through June 30, 1964, committed \$14.2 billion. Details concerning the commodities programmed, the value, and the countries, are shown in the following tables.

The major recipients have been India, Pakistan, United Arab Republic, Yugoslavia, Brazil, Poland, and Turkey. Agreements have been entered into with 49 countries with more than half of the volume in the Near East and south Asia. In the past few years there has been an increasing number of agreements with the newly emerging African nations.

As the economies of countries have improved there has been a gradual shift from Public Law 480 categories warranting high proportions of assistance to other programs involving hard terms and further

into normal commercial purchases. In the early years of Public Law 480 such countries as Italy, Japan, Austria, Finland, France, and the United Kingdom were included in title I agreements. As their economies improved title I was phased out and dollar purchases increased to the point that these countries are no longer title I countries but instead are among the strongest dollar customers for agricultural commodities.

In more recent years Spain, Greece, Taiwan, and others progressed largely out of the title I category. Some countries have shifted from foreign currency purchasers under title I to long-term dollar credit sales under title IV in their progress toward normal commercial buying. In many instances as the economy of a country improves title I sales agreements have provided harder terms reflected in such ways as increased U.S. uses of local currencies, increased convertibility to hard currency, and larger amounts for Cooley loans to private enterprise.

At the same time other countries, especially the newly independent African countries, have been experiencing increasing foreign exchange difficulties and have been moving into the Public Law 480 title I foreign currency sales category. The agricultural commodities which have been available under the program have made possible this continuous improvement in terms of sales and provided assistance in the progress toward normal commercial purchasers on a cash dollar basis.

More than 3 billion bushels of wheat had been committed under title I under agreements signed through June 30, 1964, of which more than 2½ billion had been exported. The program has also resulted in the shipment of about 400 million bushels of feed grains, over 6 billion pounds of fats and oils, 86 million bags of rice, more than 8 million bales of cotton, 383 million pounds of tobacco and substantial quantities of other commodities.

TABLE I.—Approximate quantities of commodities under title I, Public Law 480 agreements signed July 1, 1954, through June 30, 1964

Area and country	Wheat and flour	Feed grains	Rice	Cotton	Tobacco	Dairy products	Fats and oils	Poultry	Dry edible beans	Fruits and vegetables	Meat	Hay and pasture seeds
	1,000 bushels	1,000 bushels	1,000 hundred-weight	1,000 bales	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 hundred-weight	1,000 pounds	1,000 pounds	1,000 hundred-weight
Europe:												
Austria	4,055	11,605		63.7	7,425		19,449			1,299		
Finland	5,881	1,458		74.5	26,311					18,728		
France				163.1	19,268							
Germany								4,542				
Iceland	2,310	2,821	53	5.5	3,276		5,683			12,237		
Italy	896	3,703		508.8	25,848		253,891	30				
Netherlands				1.8								
Poland	149,953	58,853	451	864.7	8,507	37,106	404,062					
Portugal	3,879											
Spain	110,783	35,172		2,763.7	32,749		1,771,678	1,631	181	50,822	58,787	
United Kingdom					52,905		664,454		223	88,944		
Yugoslavia	232,412			658.1		5,441				25,372		
Total	410,169	113,612	504	3,103.9	176,289	42,547	3,119,157	6,203	404	197,402	58,787	
Africa:												
Congo	7,232	3,744	1,895	.9	16,781	32,054		10,805	264	992		
Ethiopia				6.0								
Guinea	3,655	66	1,983		772	7,330	30,424					
Ivory Coast			441				11,023					
Morocco	7,504			5.0	417		55,886					
Senegal		394	551									
Sudan	11,414						71,101					
Tunisia	11,619	3,892		6.9								
Total	41,424	8,096	4,870	18.8	17,970	39,384	168,434	10,805	264	992		
Near East and south Asia:												
Burma				285.2	3,698	10,917	99			808		
Ceylon	9,778		1,985									
Cyprus	1,102											
Greece	21,446	42,600				36,691	133,747					
India	994,449	32,964	30,822	1,929.9	13,954	73,492	8,052			882		
Indonesia	20,266		23,310	783.9	41,780		110,231					
Iran	24,597					1,630	17,631					
Israel	61,152	72,753	558	33.0	1,093	117,885	289,504		124	709	24,758	
Jordan												
Pakistan	1,470											
Syrian Arab Republic	339,979	9,070	13,433	265.3	18,843	130,655	1,274,545	1,250	331			
Thailand	16,748	4,180	273		250							
					5,439	818						

Turkey-----	175,215	18,393	561	-----	70,370	8,596	1,225,034	6,833	-----	14,607	-----
United Arab Republic-----	326,537	42,537	905	-----	-----	11,114	789,859	10,398	22	-----	-----
Total-----	1,992,739	222,413	71,847	3,297.3	156,237	393,798	3,848,703	18,481	477	2,399	39,365
Far East and Pacific:											
China (Taiwan)-----	56,561	1,205	-----	405.8	14,989	4,720	111,195	-----	-----	-----	-----
Japan-----	30,979	11,094	2,142	319.3	9,791	-----	-----	-----	-----	-----	-----
Korea-----	103,709	46,386	3,030	1,060.5	8,486	1,210	76,801	-----	-----	15,041	-----
Philippines-----	-----	-----	2,581	172.2	-----	15,424	4,663	-----	2	-----	-----
Vietnam-----	10,331	-----	967	246.9	38,249	125,393	-----	-----	-----	-----	-----
Total-----	201,580	58,685	8,720	2,204.7	71,515	146,747	192,659	-----	2	-----	15,041
Latin America:											
Argentina-----	-----	-----	60	-----	-----	-----	208,716	-----	-----	-----	-----
Bolivia-----	13,623	-----	110	18.8	-----	3,452	13,327	-----	-----	-----	-----
Brazil-----	285,700	763	-----	-----	312	9,044	89,853	-----	-----	-----	-----
Chile-----	17,932	1,237	-----	89.5	1,768	-----	119,362	-----	-----	-----	10
Colombia-----	20,502	3,115	-----	71.5	1,707	2,185	68,715	-----	-----	-----	-----
Ecuador-----	1,577	-----	-----	7.7	1,968	-----	33,271	-----	-----	-----	-----
Mexico-----	-----	18,995	-----	-----	-----	-----	-----	-----	-----	-----	-----
Paraguay-----	6,600	-----	-----	-----	-----	917	3,521	-----	-----	-----	-----
Peru-----	14,838	-----	1,688	-----	-----	773	29,562	-----	-----	-----	-----
Uruguay-----	7,430	6,205	-----	84.7	8,477	-----	-----	-----	-----	-----	-----
Total-----	368,202	30,315	1,858	272.2	14,232	16,371	456,327	-----	-----	-----	10
Grand total-----	3,014,114	433,121	87,799	8,806.9	436,243	638,847	7,895,280	35,489	71,147	8200,793	9113,193

See footnotes on p. 8.

- ¹ Includes 2,598 bushels of wheat sold to Spain for resale to Switzerland for financing procurement of Swiss goods by Spain.
² Includes 7,000 bales cotton linters and 21,100 bales extra-long staple.
³ Includes 51,700 bales extra-long staple.
⁴ See the following:

	<i>Thousand bushels</i>
Corn.....	221, 275
Barley.....	144, 815
Oats.....	6, 807
Grain sorghums.....	55, 487
Rye.....	4, 737
Total.....	433, 121

- ⁵ See the following:

	<i>Thousand pounds</i>
Anhydrous milk fat.....	661
Condensed milk.....	147, 723
Dried whole milk.....	24, 608
Nonfat dry milk.....	277, 380
Evaporated milk.....	72, 467
Butter, butter oil, and/or ghee.....	90, 956
Cheese.....	22, 660
Whey.....	2, 001
Dried eggs.....	441
Total.....	638, 847

- ⁶ See the following:

	<i>Thousand pounds</i>
Cottonseed oil and/or soybean oil.....	6, 675, 322
Lard.....	212, 808
Tallow and/or grease.....	990, 658
Lanseed oil.....	7, 492
Total.....	7, 895, 280

- ⁷ See the following:

	<i>Thousand hundredweight</i>
Beans.....	993
Peas.....	154

- ⁸ All fruit except Spain which is potatoes.
⁹ See the following:

	<i>Thousand pounds</i>
Israel, frozen beef.....	24, 758
Korea, canned pork.....	13, 041
Spain:	
Canned hams.....	2, 403
Fat backs.....	2, 547
Frozen beef and variety meats.....	53, 837
Turkey, frozen beef.....	14, 607
Total.....	113, 193

TABLE 2.—Dollar value of commodities programmed under title I, Public Law 480 agreements signed July 1, 1954, through June 30, 1964

[In millions of dollars]

Area and country	Wheat and flour	Feed grains	Rice	Cotton	Tobacco	Dairy products	Fats and oils	Other	Total			
									Market value	Ocean transportation	Market value including ocean transportation	Estimated CCC cost including ocean transportation
Europe:												
Austria	6.9	15.7		9.5	4.8		2.4	0.2	39.5	3.3	42.8	60.1
Finland	10.5	2.3		11.8	14.3			2.7	41.6	2.1	43.7	57.0
France				23.0	12.6				35.6	.1	35.7	47.2
Germany									1.2		1.2	1.2
Iceland	4.3	4.5	0.4	.9	3.2		.8	1.3	15.4	1.3	16.7	19.5
Italy	1.5	4.8		76.9	20.4		36.4	(2)	140.0	4.6	144.6	184.3
Netherlands				.2					.2		.2	.3
Poland	249.2	66.0	2.9	125.5	6.7	3.3	44.6		498.2	39.9	538.1	757.3
Portugal	6.3								6.3	.9	7.2	13.5
Spain	3 18.2	40.3		4 119.5	24.8		247.0	19.1	468.9	23.7	492.6	556.1
United Kingdom					38.0			10.1	48.1	.4	48.5	48.5
Yugoslavia	396.4			91.1		.5	80.7	3.7	572.4	66.8	639.2	927.3
Total	693.3	133.6	3.3	458.4	124.8	3.8	411.9	38.3	1,867.4	143.1	2,010.5	2,672.3
Africa:												
Congo	16.2	5.5	11.7	.1	10.4	9.5		5.0	58.4	6.8	65.2	79.4
Ethiopia				.9					24.2		24.2	1.5
Guinea	6.8	.1	11.3		.8	1.8	3.4		3.4	2.6	26.8	36.9
Ivory Coast			2.5				6.0		19.7	4.4	3.8	4.4
Morocco	12.7			.8	.2				3.6	2.3	22.0	29.6
Senegal		.5	3.1						3.6	.4	4.0	5.6
Sudan	19.8								19.8	4.1	23.9	34.1
Tunisia	20.3	4.5		.9			7.8	.1	33.6	4.3	37.9	50.7
Total	75.8	10.6	28.6	2.7	11.4	11.3	18.1	5.1	163.6	20.9	184.5	241.2

See footnotes at end of table, p. 11.

TABLE 2.—Dollar value of commodities programed under title I, Public Law 480 agreements signed July 1, 1954, through June 30, 1964—Con.

[In millions of dollars]

Area and country	Wheat and flour	Feed grains	Rice	Cotton	Tobacco	Dairy products	Fats and oils	Other	Total				
									Market value	Ocean transportation ¹	Market value including ocean transportation	Estimated CCC cost including ocean transportation	
Near East and south Asia:													
Burma	13.9		11.7	42.2	2.7	2.0		.1	47.0	1.9	48.9	68.9	
Ceylon	1.9								25.6	4.0	29.6	42.4	
Cyprus	35.0	52.5				4.4			1.9	.3	2.2	3.5	
Greece	1,630.7	41.3	165.3				20.2		112.1	14.3	126.4	159.8	
India	29.6		138.8	272.2	13.8	7.9	1.0	.1	2,132.3	358.1	2,490.4	3,904.1	
Indonesia	43.1			109.3	27.4		13.8		318.9	27.7	346.6	513.5	
Iran	104.7	83.3	3.6	5.6	1.6	8	2.8		46.7	10.6	57.3	84.2	
Israel	2.5					19.1	34.1	11.0	263.0	28.3	291.3	392.6	
Jordan	557.0	12.9	78.4	550.9	17.8	33.0	175.9	3.0	938.9	134.4	1,073.3	1,477.7	
Pakistan	26.4	4.6	1.5		.2				32.7	5.2	37.9	55.1	
Syrian Republic					3.9	2.2	163.6	6.6	4.1	.2	4.3	4.4	
Thailand	298.1	21.5	3.5			2.2	75.2	3.5	485.5	52.8	538.3	757.1	
Turkey	532.5	53.1	5.3		47.7	2.7			720.0	95.6	815.6	1,129.7	
United Arab Republic													
Total	3,275.4	269.2	408.1	4,802	115.1	72.3	486.6	24.3	5,131.2	733.9	5,865.1	8,597.2	
Far East and Pacific:													
China (Taiwan)	97.2	1.5		52.7	13.1	1.6	10.7		176.8	16.9	193.7	280.3	
Japan	47.9	13.3	13.7	52.5	7.6				135.0	13.5	148.5	201.6	
Korea	177.4	50.8	24.2	142.0	6.6	.3	6.6	8.0	415.9	42.6	458.5	619.3	
Philippines			15.7	25.8		1.7	.4	(2)	43.6	3.5	47.1	69.4	
Vietnam	18.5		5.8	34.1	24.4	27.9			110.7	9.0	119.7	154.8	
Total	341.0	65.6	59.4	307.1	51.7	31.5	17.7	8.0	882.0	85.5	967.5	1,355.4	
Latin America:													
Argentina	22.5		.3				29.6		29.9	.8	30.7	35.9	
Bolivia	489.9		.6	2.8		1.0	1.4		28.3	4.1	32.4	45.7	
Brazil	29.4	1.4			.7	2.6	12.8	1.1	508.5	67.1	575.6	836.4	
Chile	35.0	1.5		13.6	1.9		18.5	.4	65.3	5.7	71.0	95.4	
Colombia		4.1		11.9	1.6	.4	9.4		62.4	6.9	69.3	91.2	
Ecuador	2.9			1.1	1.8		5.1		10.9	.8	11.7	14.0	
Mexico		24.6							24.6	1.0	25.6	41.2	
Paraguay	11.6					.4	.5		12.5	2.4	14.9	21.6	

Peru.....	25.8	7.2	9.9	11.7	8.0	.2	3.3	(2)	39.2	3.5	42.7	66.6
Uruguay.....	14.0								40.9	3.8	44.7	59.7
Total.....	631.1	38.8	10.8	41.1	14.0	4.6	80.6	1.5	822.5	96.1	918.6	1,327.7
Grand total.....	5,016.6	657.8	510.2	1,289.5	317.0	7123.5	\$1,014.9	977.2	8,866.7	1,079.5	9,946.2	14,193.8

¹ Includes only ocean transportation to be financed by CCC.

² \$50,000 or less.

³ \$4,400,000 of wheat sold to Spain for resale to Switzerland for financing procurement of Swiss goods by Spain.

⁴ Includes \$0.3,000,000 cotton lint; \$6,600,000, extra-long staple.

⁵ Includes \$16,000,000 extra-long staple.

⁶ See the following:

	Millions
Corn.....	\$298.0
Oats.....	5.3
Barley.....	155.9
Grain sorghums.....	57.7
Rye.....	5.0
Total.....	517.8

⁷ See the following:

	Millions
Anhydrous milk fat.....	\$0.4
Condensed milk.....	32.8
Dry whole milk.....	12.9
Nonfat dry milk.....	23.3
Evaporated milk.....	10.3
Butter, butter oil and/or glue.....	37.4
Cheese.....	5.7
Whey.....	.1
Dried eggs.....	.6
Total.....	123.5

⁸ See the following:

	Millions
Cottonseed oil and/or soybean oil.....	\$910.9
Linseed oil.....	1.1
Lard.....	29.6
Tallow and/or grease.....	73.3
Total.....	1,014.9

⁹ See the following:

	Millions
Fruit: Austria, Burma, Congo, Finland, Iceland, India, Israel, United Kingdom, Yugoslavia.....	\$16.6
Seeds: Chile.....	.4
Potatoes: Spain.....	1.4
Poultry: Germany, Italy, Turkey, Spain, United Arab Republic, Congo, Pakistan.....	10.6
Beef: Spain, Israel.....	28.1
Pork: Korea, Spain.....	10.0
Beans and peas: Israel, Spain, Yugoslavia, Pakistan, Congo United Arab Republic.....	10.1
Total.....	77.2

A major feature of title I is the provisions that have been made for the use of the foreign currencies which accrue from the sale of the commodities. In keeping with the U.S. policy of helping underdeveloped countries the greater part of the currencies is being set aside for economic development projects in those countries. Of the \$9.9 billion to be generated from title I agreements signed through June 30, 1964, about \$4.4 billion, 44 percent, is reserved for loans for economic development, 18 percent as grants for economic development, and 8.7 percent for military assistance to such countries as Taiwan, Turkey, Korea, Pakistan, and Vietnam.

A large part of the currencies which accrue under title I is set aside for various U.S. uses such as embassy, USIA, and military installation obligations abroad, and other U.S. programs. More than \$2.3 billion is being reserved for these purposes under agreements signed through June 30, 1964, and actual disbursements amounted to nearly \$1 billion.

This is a direct saving in the dollar outflow from the United States and in dollar expenditures of the Government. It amounts to paying a billion dollars of our expenses overseas with surplus commodities, instead of with gold or dollars.

Agricultural market development projects have contributed significantly to the increasing volume of agricultural exports in recent years and can be directly related to the record \$6 billion in exports of agricultural commodities during the past fiscal year. Currencies are also used to assist in financing international educational exchange programs, American-sponsored schools, various types of research programs, and similar mutually beneficial activities.

In total, collections through June 30, 1963, amounted to \$7 billion of which \$4 billion had been disbursed. Details on foreign currency are shown in the following table:

TABLE 3.—*Uses of foreign currency as provided in title I, Public Law 480, agreements signed July 1, 1954, through June 30, 1964*¹

[Amounts are in thousand dollar equivalents at the deposit rate of exchange]

Area and country	Total amount in agreements (market value including ocean transportation)	104(c) common defense	104(e) grants for economic development	104(e) loans to private enterprise	104(g) loans to foreign governments	Other U.S. uses ²
Europe:						
Austria.....	40,096				25,453	14,643
Finland.....	43,440			4,433	19,392	19,531
France.....	35,697			6,454		29,218
Germany.....	1,196					1,196
Iceland.....	16,233		198		12,226	3,777
Italy.....	144,194			3,647	92,838	47,709
Netherlands.....	254					254
Poland.....	534,651					533,306
Portugal.....	7,082				3,400	3,682
Spain.....	497,112	9,910			245,138	242,064
United Kingdom.....	48,540	38,205				10,335
Yugoslavia.....	637,753		140,613		391,177	105,335
Total.....	2,006,248	48,115	140,811	14,534	789,624	1,011,050

See footnotes at end of table, p. 13.

TABLE 3.—*Uses of foreign currency as provided in title I, Public Law 480, agreements signed July 1, 1954, through June 30, 1964*¹—Continued

[Amounts are in thousand dollar equivalents at the deposit rate of exchange]

Area and country	Total amount in agreements (market value including ocean transportation)	104(c) common defense	104(c) grants for economic development	104(c) loans to private enterprise	104(g) loans to foreign governments	Other U.S. uses ²
Africa:						
Congo.....	65, 116		38, 444	3, 360	15, 680	7, 632
Ethiopia.....	908			182	499	227
Guinea.....	26, 840			3, 077	17, 321	6, 442
Ivory Coast.....	3, 800			570	19, 000	1, 330
Morocco.....	21, 870			2, 130	14, 273	5, 437
Senegal.....	4, 022			603	2, 011	1, 408
Sudan.....	23, 840		4, 636	3, 576	8, 344	7, 284
Tunisia.....	37, 061		7, 079	4, 828	19, 618	5, 393
Total.....	183, 457		50, 159	18, 326	79, 646	35, 183
Near East and south Asia:						
Burma.....	50, 200		7, 900		31, 870	10, 430
Ceylon.....	29, 119		5, 280	5, 312	11, 096	7, 335
Cyprus.....	2, 200			550	1, 100	550
Greece.....	123, 570	10, 040	7, 329	11, 251	54, 069	40, 881
India.....	2, 484, 806		788, 175	168, 087	1, 212, 958	315, 586
Indonesia.....	344, 625		25, 312	22, 616	239, 507	57, 190
Iran.....	55, 682	5, 900		3, 563	29, 513	15, 877
Israel.....	288, 526		32, 600	46, 427	171, 320	38, 179
Jordan.....	3, 000		750			2, 250
Pakistan.....	1, 048, 810	79, 260	556, 841	51, 551	256, 707	101, 647
Syrian Arab Republic.....	37, 200			6, 550	22, 750	7, 900
Thailand.....	4, 303				1, 753	2, 550
Turkey.....	533, 956	101, 107	2, 340	69, 638	199, 098	160, 942
United Arab Republic.....	812, 605		25, 701	78, 979	579, 197	128, 728
Total.....	5, 818, 602	196, 307	1, 452, 228	464, 524	2, 810, 938	890, 045
Far East and Pacific:						
China (Taiwan).....	193, 264	100, 391		13, 156	34, 909	44, 808
Japan.....	146, 277	17, 192	600		105, 538	22, 947
Korea.....	457, 035	387, 854		6, 799		61, 707
Philippines.....	46, 018	7, 489	2, 857	7, 743	11, 574	15, 902
Vietnam.....	119, 597	98, 384		5, 688		15, 465
Total.....	962, 191	611, 310	3, 457	33, 386	152, 021	160, 829
Latin America:						
Argentina.....	30, 525				18, 714	11, 799
Bolivia.....	32, 229			3, 874	22, 744	5, 611
Brazil.....	572, 407		123, 157		345, 340	103, 910
Chile.....	67, 985	100		779	52, 974	13, 842
Colombia.....	69, 453			11, 270	39, 743	18, 440
Ecuador.....	11, 554			1, 201	7, 218	3, 100
Mexico.....	25, 185			6, 296	11, 389	7, 500
Paraguay.....	13, 872		3, 366	1, 376	6, 013	3, 057
Peru.....	41, 889			4, 534	23, 518	13, 837
Uruguay.....	36, 747			9, 100	15, 250	12, 050
Total.....	901, 846	100	126, 523	38, 430	542, 903	193, 146
Grand total.....	9, 872, 344	855, 832	1, 773, 178	569, 200	4, 375, 132	2, 290, 253
Uses as percent of total.....	100	8. 7	18	5. 8	44. 3	23. 2

¹ Many agreements provide for the various currency uses in terms of percentages of the amount of local currency accruing pursuant to sales made under each agreement. In such cases, amounts included in this table for each use are determined by applying the specified percentages to the total dollar amount provided in each agreement. Amounts shown include adjustment on closed out agreements.

² Agreements provide that a specific amount of foreign currency proceeds may be used under various U.S. use categories, including currency uses which are limited to amounts as may be specified in appropriation acts. Included are uses specified under subsections 104 (a), (b), (f), (h), (i), (j), (k), (l), (m), (n), (o), (p), (q), (r), (s), and sometimes (c) and (d), insofar as specified in agreements.

³ Amounts shown in this column may differ from amounts on table I, which reflect purchase authorization transactions.

Title II

Title II has been important in meeting quickly food needs of victims of disasters such as earthquake, flood, and drought. Under expanded authority to use food to promote economic development, the concept of "food for work" is rapidly taking the place of mere food distribution, this principle of using food as part payment of wages for work on projects for community development will be substantially furthered by provisions of this bill.

The total title II authorization through June 30, 1964, is \$1.7 billion. This amount includes about \$1.3 billion in commodities and the remainder in ocean transportation costs both for title II shipments and for title III foreign donations.

Approximately \$292 million was obligated during the past year. During the past year disaster relief programs totaled about \$100 million with most of this being used in Africa and the Near East. Economic development programs totaled about \$92 million and the remainder was programed for voluntary relief agencies, refugee relief, child-feeding programs, and the world food program.

The economic development programs, which have become increasingly important, involve using commodities to assist underemployed and underfed people working on labor-intensive projects. These projects include irrigation and drainage projects, feeder roads, the clearing of land, and similar projects which require a large amount of labor and which are designed to alleviate the causes of the need for relief.

Details of title II transfers are shown in the following table:

TABLE 4.—Title 11, Public Law 480, transfer authorizations issued, value of commodities by area and country, July 1, 1954, through June 30, 1964

[In thousands of dollars]

Area and country	Total	Ocean transportation	Commodities						Rice	Raw cotton
			Total commodities	Bread grains	Coarse grains	Fats and oils	Dry beans	Milk and milk products		
Europe (total).....	189,993	4,809	185,184	82,817	35,226	14,818	1,592	41,560	730	8,441
Austria.....	28,145	2,455	25,690	149	25,530			11		
Czechoslovakia.....	1,995		1,995		1,995					
Germany, Federal Republic of.....	3,365		3,365	236	886	911		367	171	994
Germany, Soviet occupied.....	758		758	236	380	81			61	
Hungary.....	13,210	562	12,648	4,043	1,907	2,088	437	3,759	414	
Italy.....	91,542	1,637	89,905	32,708	4,728	10,306	1,155	37,322		3,686
Spain.....	3,761		3,761							3,761
Yugoslavia.....	47,217	155	47,062	45,445		1,432		101	84	
Africa (total).....	430,199	48,713	381,486	279,223	55,153	24,796	796	14,596	6,922	
Algeria.....	100,472	10,544	89,928	68,034		19,146	462	2,286		
Burundi.....	615	185	430	140	90	100		100		
Central African Republic.....	14	4	10					10		
Congo.....	17,855	2,599	15,256	5,421	1,181	820	158	5,277	2,399	
Dahomey.....	1,462	303	1,159	430	321			44	344	
Ethiopia.....	10,123	2,057	8,066	3,414	4,652					
Ghana.....	605		605		605					
Guinea.....	1,740	163	1,577	346				1,150	1,231	
Kenya.....	8,486	1,196	7,290		5,603					
Libya.....	27,456	2,335	25,121	16,890	8,231	557			26	
Malagasy Republic.....	29	3	26							
Mauritania.....	104	18	86	17	13		1	55		
Morocco.....	97,449	10,595	86,854	75,311	10,208	265	70	192	808	
Niger.....	2,619	43	1,411	47	3			31		
Rwanda-Urundi.....	4,018	1,275	1,344	423	299	108		514		
Somali Republic.....	10	1	9	205	2,585	152				
Sudan.....	13,452	2,207	11,245		10,254	23		968		
Tanganyika.....	2,481	533	1,948		1,185	742	21			
Togo.....	140,665	13,520	127,145	108,525	9,619	2,843	84	3,960	2,114	
Tunisia.....	360	56	304		304					

See footnotes at end of table, p. 17.

TABLE 4.—Title II, Public Law 480, transfer authorizations issued, value of commodities by area and country, July 1, 1954, through June 30, 1964—Continued

[In thousands of dollars]

Area and country	Total	Ocean trans- portation ¹	Commodities							
			Total commod- ities	Bread grains	Coarse grains	Fats and oils	Dry beans	Milk and milk products	Rice	Raw cotton
Near East and south Asia (total)	474, 798	68, 894	405, 904	309, 606	44, 318	15, 838	16	8, 996	22, 656	4, 474
Afghanistan	59, 643	11, 331	48, 312	48, 312						
Ceylon	9, 289	1, 123	8, 166	4, 821						
Cyprus	14, 991	1, 733	13, 258	12, 357	901				3, 345	
Greece	3, 526	249	3, 277	3, 277						
India	16, 057	2, 327	13, 730	5, 500	2, 000					
Iran	35, 573	8, 471	27, 102	19, 439	6, 980	645		2, 564	3, 666	
Israel	1, 492	142	1, 350	100		500		38		
Jordan	56, 931	7, 820	49, 111	41, 577	7, 534			750		
Lebanon	16, 795	1, 282	15, 513	14, 750	763					
Nepal	5, 207	887	4, 320	4, 184	74		23			
Pakistan	93, 346	7, 919	85, 427	56, 560	850		16			
Syrian Arab Republic	27, 396	4, 846	22, 550	18, 082	4, 468		7, 109	1, 753	14, 681	4, 474
Turkey	25, 027	1, 500	23, 527	16, 077					41	
United Arab Republic	24, 348	3, 600	20, 748		20, 748			3, 867		
UNRWA (Palestine Refugees)	75, 211	13, 819	61, 392	56, 450		4, 019		1	923	
Yemen	9, 966	1, 845	8, 121	8, 120						
Far East and Pacific (total)	197, 829	24, 007	173, 822	109, 474	23, 859	13, 106	94	10, 746	13, 305	3, 238
Cambodia	2, 343		2, 343							
China, Republic of	22, 296	2, 954	19, 342	14, 378		1, 817		1, 402	2, 343	297
Hong Kong	3, 857	616	3, 241		2, 400				1, 448	55
Indonesia	255	85	170		110	60			786	
Japan	36, 992	35	36, 957	28, 946				8, 011		
Korea	51, 465	7, 688	43, 777	33, 039	7, 872					2, 866
Laos	839		839							
Philippines	1, 134	182	952	114	239	166		433	839	
Ryukyu Islands	8, 349	955	7, 394		606				6, 788	
Vietnam	70, 299	11, 492	58, 807	32, 997	12, 632	11, 063	94	900	1, 101	20
Latin America (total)	104, 668	11, 679	92, 989	26, 797	16, 854	11, 182	2, 792	27, 996	4, 840	2, 528
Bolivia	18, 046	374	17, 672	10, 355	2	1, 255	14	494	3, 024	2, 528
Brazil	47, 644	7, 253	40, 391	6, 922	4, 218	6, 405	1, 401	21, 445		
British Honduras	273		273	22	25	106	46		30	
Colombia	14	2	12	6	1	3	6	2		

Costa Rica	2,511	380	2,131	730	1,046	428	51	550	56
Dominican Republic	2,885	560	2,325	177	219	265		500	
Ecuador	3,568	64	3,504	177	3,238	65		43	
Guatemala	3,476		3,409		133	180	1,210	43	1,636
Haiti	3,211	67	3,144	207	59		70		82
Honduras	42	10	32	11	21				
Jamaica	1,356	200	1,156	375	386	200		195	
Mexico	24,332	2,752	21,580	7,990	6,638	2,275		4,677	
Peru	52	14	38		38				
St. Lucia	20	3	17	2				3	12
Uruguay									
Christmas holiday	16,638		16,638	2,306		5,973	1,005	4,206	3,198
World food program	21,930	3,849	18,081	9,380	3,638	3,839		1,224	
American voluntary relief agencies and international organizations (total)	9,554		9,554					9,554	
Total	2 1,445,659	2 161,951	1,283,708	819,603	179,048	89,552	6,295	118,878	51,651
Ocean freight: Title III foreign donations	279,540	279,540							18,681
Grand total (CCC Cost)	2 1,725,199	2 441,491	1,283,708						
Total, Title II (estimated market value) ³	767,826	161,951	605,875	341,774	113,158	48,269	6,295	57,894	23,342
									12,143

² Calculated on the ratio of current market prices to CCC cost.

¹ Including transportation to point of entry for landlocked countries.

² Excludes approximately \$22,000,000 ocean freight for fiscal years 1955 and 1956 financed under the Mutual Security Act.

Title III, foreign donations

The title III foreign donation program distributes CCC commodities acquired in carrying out price-support programs, to needy persons through U.S. voluntary relief agencies and intergovernmental organizations. During the past 10 years, this people-to-people program has distributed more than 20 billion pounds of commodities at a CCC cost of about \$2.4 billion, with the greatest volume being in flour, nonfat dry milk, rice, cornmeal, and dairy products. During the past year commodities shipped were wheat and wheat flour, corn and cornmeal, nonfat dry milk, vegetable oils, shortening, beans, bulgur, butter, butter oil, cheese, ghee, and rolled wheat totaling more than 3 billion pounds and with a CCC value of more than \$330 million. The program has distributed commodities in 112 countries with a relatively even distribution among the continents. Details are shown in the following table.

TABLE 5.—Title III, Public Law 480, foreign donations, shipments fiscal years 1955-64

Country	1955-60		1961		1962		1963		1964	
	Pounds	Cost Thousands	Pounds	Cost Thousands	Pounds	Cost Thousands	Pounds	Cost Thousands	Pounds	Cost Thousands
Europe (total).....	3,735,509	\$602,776	595,932	\$52,454	677,399	\$58,757	457,056	\$50,150	382,960	\$51,122
Austria.....	76,509	21,809	9,631	835	203	26				
Belgium.....	586	194								
England.....	263	123								
Finland.....	3,200	2,160							341	51
France.....	23,985	10,297	269	31	454	63	523	93		
Germany.....	378,741	94,953	16,931	1,438	9,265	726	1,052	217		
Italy.....	1,579,705	180,630	238,226	16,945	283,500	20,351	154,042	10,048	129,121	10,261
Malta.....	14,956	3,643	1,379	106	1,579	130	1,084	345		
Netherlands.....	4	(1)								
Poland.....	68,041	6,694	58,104	5,019	77,622	6,716	66,617	7,978	33,858	15,026
Portugal.....	127,781	18,619	59,095	3,614	43,303	4,493	55,162	7,243	32,697	5,365
Spain.....	569,023	131,783	64,249	7,781	82,134	10,789	56,915	9,333	44,236	6,870
Trieste.....	32,955	4,889	7,698	574	5,047	380	4,379	369	2,211	267
Yugoslavia.....	859,670	126,982	140,290	14,111	172,292	15,083	116,682	14,318	100,496	13,282
Africa (total).....	209,611	24,912	198,224	15,923	257,611	18,115	405,783	37,358	591,131	52,316
Algeria.....	23,996	2,231	28,547	2,315	51,665	3,634	125,557	14,037	288,388	23,083
Basutoland.....			178	30	166	28	515	86	560	87
Belgian Congo.....	890	135								
Burundi.....										
Cameroons, French.....	900	56	1,265	129	1,861	149	4,965	878	4,269	518
Canary Islands.....	480	18					278	17	27	4
Central African Republic.....										
Chad.....			54	9			52	9	31	5
Congo.....			5,139	580	15,015	21	346	58	205	32
Dahomey.....	1,860	140	12,896	995	3,355	1,573	35,669	3,363	26,493	2,761
Ethiopia.....	3,114	509	1,808	248	5,356	181	4,377	279	5,216	336
French Equatorial Africa.....	80	6				466	7,799	864	3,425	222
French West Africa.....	1,180	239								
Gabon.....	51	9	164	23	20	3	104	17	72	11
Gambia.....	992	190	400	79	271	46	242	40	100	16
Ghana.....	3,893	699	8,423	974	5,415	661	6,298	595	8,314	1,154
Ivory Coast.....					87	15	56	9	396	61
Kenya.....	2,716	539	590	101	948	162	1,250	196	3,219	373
Liberia.....	5,500	556	4,602	415	835	52	2,138	178	2,647	404
Libya.....	37,409	5,052	19,088	1,445	12,878	706	5,471	479	8,983	576
Malagasy Republic.....			60	10	234	40			4,900	568

See footnotes at end of table.

TABLE 5.—Title III, Public Law 480, foreign donations, shipments fiscal years 1955-64—Continued

Country	1955-60		1961		1962		1963		1964	
	Pounds	Cost Thousands \$	Pounds	Cost Thousands	Pounds	Cost Thousands	Pounds	Cost Thousands	Pounds	Cost Thousands
Africa—Continued										
Malagache Republic.....	180	21								
Mauritania.....	400	67	340	\$58	463	\$79	60	\$10	3,963	\$490
Morocco, French.....	103,607	11,852	102,037	7,198	110,434	6,305	148,295	11,526	157,140	15,052
Niger.....			11	2	15	3				
Nigeria.....	1,257	224	615	81	1,486	153	3,030	289	6,145	611
Nyasaland.....	123	24	40	7			71	12		
Ruanda.....							32	5		
Ruanda Urundi.....			269	23	22,756	1,569				
St. Helena.....	150	30	97	17						
Senegal.....					3,973	428	8,553	632	10,480	714
Seychelles.....			60	10	77	13	121	20	60	9
Sierra Leone.....	1,530	153	1,365	122	2,674	224	6,756	542	6,678	1,022
Somalia.....			110	19	572	78	40	7	23	4
Somalia, British.....	12	2								
Somaland, French.....			445	42	1,085	108	760	69	928	199
Sudan.....	269	38			101	17			172	27
Swaziland.....			40	7	35	6	84	14	47	7
Tanganyika.....	601	109	350	60	4,312	328	3,813	313	17,384	1,262
Togo.....	8,338	544	3,142	287	994	34	1,663	205	3,161	1,573
Tunisia.....	9,188	1,251	5,548	554	7,922	677	28,820	1,971	20,142	1,456
Uganda.....	952	168	395	68	974	166	709	119	1,190	185
Upper Volta.....			86	15	1,356	114	7,819	512	6,115	480
Voltaic Republic.....									217	8
Zanzibar.....					75	13	40	7	41	6
Near East and south Asia (total).....	1,973,287	348,563	740,053	65,779	810,970	69,011	738,425	62,303	688,094	68,528
Aden.....	283	51	37	6	73	12	13	2	130	20
Afghanistan.....	1,595	292	7,044	643	756	129	406	68	513	111
Ceylon.....	156,044	16,095	55,181	5,355	67,364	4,245	62,293	4,290	50,409	3,261
Cyprus.....					100	17	1,303	154	2,864	425
Egypt.....	322,052	59,042	294,788	22,550	284,370	20,484	265,835	19,618	95,382	8,945
Ga a.....	13,545	2,437	10,551	1,000	6,794	664	13,824	1,364	5,393	563
Goa.....	1,349	601								
Greece.....	545,553	89,092	109,556	7,642	128,163	8,891	105,933	8,053	102,002	8,724
India.....	606,019	122,093	153,261	18,399	198,395	22,800	139,992	13,576	225,785	24,495
Iran.....	28,441	4,949	18,230	1,619	35,496	2,903	35,383	3,379	65,660	5,766
Iraq.....	9,143	1,704	3,625	621	677	116	9,106	450	1,360	1,360
Israel.....	54,227	8,792	12,062	1,048	15,563	1,497	9,106	833	5,083	450
Jordan.....	64,404	7,840	38,636	2,926	16,063	1,341	26,935	1,927	12,760	1,024
Lebanon.....	12,954	1,506	1,234	211	1,313	224	846	142	624	97

Mauritius.....	58	132,241	11	609	104	208	36	302	51	325	50
Pakistan.....		29,741		24,283	2,446	28,873	2,573	37,790	3,794	58,441	6,999
Syria.....		4,161	781	1,006	172	1,019	174	995	167	777	121
Turkey.....		20,645	3,536	9,950	1,37	25,743	2,905	36,919	4,790	53,344	6,115
Yemen.....										16	2
Far East and Pacific (total).....		2,434,022	288,132	532,096	45,835	483,754	38,911	573,631	45,786	538,740	44,654
British Solomon Islands.....											
Burma.....		10,435	1,928	1,401	240	1,608	7	396	33	809	130
Cambodia.....		359,720	41			35	274	2,662	446	1,677	260
China (Taiwan).....			42,309	123,386	10,849	86,079	6	61	10	28	4
Fiji.....							8,296	123,930	7,901	120,298	8,470
Hong Kong.....		201,755	21,325	51,813	5,563	30,249	2,359	32,130	2,702	29,513	14
Indonesia.....		29,700	5,187	8,890	1,364	9,216	1,368	21,638	3,497	26,712	2,194
Japan.....		155,571	21,383	16,845	1,621	13,355	1,325	8,608	896	3,462	3,462
Korea.....		60	11							500	78
Laos.....		912,689	103,255	162,618	10,536	169,350	10,187	187,505	10,137	188,118	10,223
Macao.....		208	29	2,732	311	1,068	86	2,854	473	6,927	1,703
Malaya (Malaya States).....		8,968	732	8,391	705	6,136	518	5,779	447	6,287	1,182
New Guinea, Netherlands.....		10,570	1,750	4,075	430	3,956	436	6,049	1,394	4,977	785
North Borneo.....		495	89	178	30	561	96	310	52		
Philippine Islands.....		722	133	96	16	341	58	309	53	1,643	218
Ryukyu Islands (Okinawa).....		180,527	25,973	62,722	6,783	70,692	7,584	88,706	9,817	76,737	10,346
Sarawak.....		47,630	5,838	31,042	2,560	29,765	2,084	23,843	1,954	33,084	2,583
Singapore.....		4,735	5,882	127	22	468	62	1,679	158	241	9,135
Thailand.....		3,740	442	2,244	215	2,432	232	2,236	321	3,314	420
Tango Islands.....		1,865	335	362	62	806	138	749	125	357	87
Vietnam.....		504,423	56,485	55,174	4,528	57,654	3,795	64,187	5,340	32,183	13
Latin America (total).....		810,614	120,192	292,273	28,203	474,367	39,752	2,728,677	281,740	837,848	117,984
Antigua.....		1,786	323	397	68	283	50	234	39	78	12
Bahama Islands.....		24,147	5,905	4,243	425	8,400	780	23,629	3,678	27,023	5,063
Bolivia.....		101,304	18,229	28,737	3,217	63,022	6,788	113,160	15,558	124,114	25,915
Brazil.....		2,297	462	865	148	438	75	348	58	1,704	259
British Guiana.....		3,182	525	1,252	147	2,859	256	3,229	267	2,670	403
British Honduras.....		267,759	35,370	77,809	7,070	86,204	6,637	52,394	5,481	84,842	9,627
Chile.....		134,676	21,028	44,926	4,880	96,679	9,125	116,491	11,485	85,700	12,980
Colombia.....		7,532	834					230	92	2,581	407
Costa Rica.....		7,829	632	828	44	806	95	571	67	395	88
Cuba.....		24,174	346	727	89	15,987	826	57,065	6,205	54,705	8,164
Dominica.....						20,632	1,858	19,332	2,288	36,885	4,106
Dominican Republic.....		17,835	2,156	8,096	919	4,276	276	21,165	2,565	20,042	3,455
Ecuador.....		4,845	1,036	300	51						
El Salvador.....		482	93								
French Guiana.....											
French West Indies.....		514	74								

See footnotes at end of table.

TABLE 5.—Title III, Public Law 480, foreign donations, shipments fiscal years 1955-64—Continued

Country	1955-60		1961		1962		1963		1964	
	Pounds	Cost Thousands	Pounds	Cost Thousands	Pounds	Cost Thousands	Pounds	Cost Thousands	Pounds	Cost Thousands
Latin America—Continued										
Grenada.....	766	\$147	274	\$38	409	\$41	613	\$78	519	\$69
Guadeloupe.....	759	124	369	34	519	56	715	45	715	78
Guatemala.....	9,412	1,478	3,404	422	8,165	651	8,465	984	23,738	3,020
Haiti.....	36,036	4,180	12,938	1,141	9,624	742	9,471	932	25,821	2,210
Honduras.....	9,635	2,259	2,467	314	2,794	224	3,333	311	4,701	707
Jamaica.....	27,172	4,112	6,977	508	11,333	832	17,069	2,007	19,524	3,815
Martinique.....	846	140	313	34	520	64	448	52	525	64
Mexico.....	56,837	4,375	41,424	3,190	83,156	5,143	179,501	14,432	207,210	17,976
Montserrat.....	538	100	35	6	54	9	133	22	54	8
Nicaragua.....			2,334	157	7,892	673	12,639	1,412	11,855	1,947
Panama.....	18,168	5,221	2,306	395	2,621	394	5,498	746	6,156	782
Paraguay.....	14,171	1,582	12,352	1,114	10,157	988	9,362	916	10,796	1,655
Peru.....	54,444	7,574	34,256	3,177	27,037	2,173	20,071	3,835	23,789	3,652
St. Kitts.....	1,536	292	340	58	229	39	171	29	255	40
St. Lucia.....	480	88					491	82	170	26
St. Vincent.....	1,122	212	190	33	213	36	247	41	174	27
Surinam.....	1,963	370	671	115	359	61	557	93	854	133
Trinidad and Tobago.....	1,803	333	448	77	126	22	35	35	11	11
Turks and Caicos Islands.....	38	7	66	9	105	7	83	8	43	7
Uruguay.....	2,366	247	2,929	323	3,520	285	5,000	585	8,264	1,017
Venezuela.....					5,937	546	12,869	1,175	51,873	10,261
Virgin Islands.....	255	48								
Total.....	9,163,043	1,384,575	2,358,578	208,194	2,704,101	224,546	2,903,572	277,337	3,038,773	334,604
Number of countries.....	112	112	104	104	110	110	112	112	112	112

² Includes 34,107,000 pounds, costing \$6,077,000 made available to American National Red Cross in connection with Cuban prisoner exchange.

¹ Less than \$500.

BARTER

Title III also authorizes the exchange of surplus U.S. farm products for foreign-produced materials, goods, equipment, and services. All barter is conducted with private U.S. firms under contracts with the Commodity Credit Corporation. The barter program is being utilized in offshore procurements by Government agencies, not only to widen market outlets for farm products but also to stem the outflow of U.S. dollars abroad.

Title III requires that no restrictions be placed on the countries of the free world into which surplus commodities may be sold, except that reasonable precautions be exercised to safeguard usual U.S. marketings and to assure that barter will not unduly disrupt world prices of agricultural commodities or replace cash sales for dollars. Title III also provides for cooperation with other exporting countries in preserving the normal patterns of commercial trade in commodities covered by international commodity agreements to which the United States is a party.

Barter transactions are subject to the following requirements: Agricultural commodities may not be transshipped from approved countries of destination without prior approval; materials delivered in exchange for the U.S. commodities must originate in friendly countries; financial coverage for agricultural commodities taken in advance of barter materials is required in the form of cash deposits or irrevocable letters of credit in favor of the CCC; and shipment of at least 50 percent of the materials imported into the United States must be made on privately owned U.S.-flag vessels. Some barter transactions provide for the further processing of foreign-produced materials in the United States.

TABLE 6.—Summary of barter contracts entered into in specified periods ¹
[In millions of dollars]

Purpose	1954-55 through June 30, 1963	July- December 1963	January- June 1964	Cumulative through June 30, 1964
Stockpile:				
Strategic.....	² 151.5			151.5
Supplemental ³	1,295.0	66.1	15.0	1,376.1
Total stockpile.....	1,446.5	66.1	15.0	1,527.6
Supply: ⁴				
Agency for International Development.....	33.5	8.5	4.1	46.1
Atomic Energy Commission.....	4.5	12.0		16.5
Department of Defense.....	84.2	25.3	38.7	148.2
Total supply.....	122.2	45.8	42.8	210.8
Grand total.....	1,568.7	111.9	57.8	1,738.4

¹ Years beginning July 1: Based on barter operating records.
² Adjustments have been made to reflect net transfers of materials valued at \$258,600,000 to supplemental stockpile.
³ Materials transferred or to be transferred to supplemental stockpile with reimbursement as provided by sec. 206 of the Agricultural Act of 1956.
⁴ Strategic and other materials, equipment, goods and services for other Government agencies. Adjustments have been made to reflect transfers of \$8,800,000 acquired for Atomic Energy Commission and \$4,100,000 acquired for Department of Defense, to the supplemental stockpile from July 1954 through June 1964.

Title IV

Long-term supply and dollar credit sales of U.S. agricultural commodities are authorized by title IV. Objectives are to stimulate the sale of U.S. farm products for dollars through the extension of credit, develop permanent foreign markets for U.S. farm products, and assist in the development of the economies of friendly nations.

The program is being employed by some dollar-short countries whose economies are improving as a "transition stage" from title I purchases with foreign currencies to straight cash purchases with dollars.

Under the program, agreements are entered into by the U.S. Government with governments of friendly nations—and with individuals, commercial firms, cooperative associations, or other private organizations of the United States or friendly foreign countries—for delivery of surplus agricultural commodities for periods up to 10 years. Credit periods of up to 20 years are authorized, but on the due dates both principal and interest are payable in U.S. dollars.

Sales in recipient countries of the commodities supplied on credit have made local currencies available to foreign countries for various projects which are contributing significantly to economic growth. Nearly all of the agreements signed to date have been accompanied by a formal commitment on the part of the foreign government receiving the credit that the funds made available by the sale of the commodities financed under the agreement would be used for development objectives to be mutually agreed to by the two governments.

Tables showing dollar value and quantities of commodities programmed under title IV follow:

TABLE.—Dollar value of commodities programmed under title IV, Public Law 480 agreements signed July 1, 1961, through June 30, 1964

[In millions of dollars]

Area and country	Wheat and flour	Feed grains	Rice	Cotton	Tobacco	Dairy products	Oils and oilseeds	Other	Total			
									Market value	Ocean transportation ¹	Market value including ocean transportation	Estimated CCC cost including ocean transportation
Europe:												
Iceland.....	0.6								1.1	0.2	1.3	1.6
Portugal.....	21.6								21.6	2.5	24.1	36.5
Yugoslavia.....	17.5			42.8			12.5	2.1	74.9	4.6	79.5	118.1
Total.....	39.7			42.8	.5		12.5	2.1	97.6	7.3	104.9	156.2
Africa:												
Ethiopia.....				1.3					1.3	.1	1.4	2.2
Liberia.....	.6	.8	6.4						7.8	.8	8.6	12.5
Total.....	.6	.8	6.4	1.3					9.1	.9	10.0	14.7
Near East and south Asia:												
Iraq.....	9.7				2.5			.3	12.5	2.3	14.8	19.6
Syrian Arab Republic.....			1.2		.4				1.6	.2	1.8	2.5
Total.....	9.7		1.2		2.9			.3	14.1	2.5	16.6	22.1
Far East and Pacific:												
China (Taiwan).....		.8			1.6	.2	11.2		13.8	1.4	15.2	15.3
Ryukyu Islands.....	.8	1.9	6.8	1.4	2.3		5.0		18.2	2.9	21.1	24.8
Total.....	.8	2.7	6.8	1.4	3.9	.2	16.2		32.0	4.3	36.3	40.1
Latin America:												
Bolivia.....	2.2		.3			.9	.5		3.9	.4	4.3	5.3
Chile.....	20.7	.5		6.7	3.3	2.1	3.1	2.7	39.1	2.8	41.9	58.5
Colombia.....	2.1				1.1		3.0		6.2	.7	6.9	8.1
Dominican Republic.....		.6	12.0		6.0				18.6	1.4	20.0	24.7
Ecuador.....	1.1				1.2		1.2		3.5	.3	3.8	4.3
El Salvador.....	1.8	.1							1.8	.2	2.0	2.8
Paraguay.....							1.8		.1		.1	.1
Peru.....		5.8							1.8	.2	2.0	2.0
Venezuela ²				2.7					213.1	2.8	213.9	216.5
Total.....	27.9	7.0	12.3	9.4	11.6	3.0	9.6	2.7	88.1	6.8	94.9	122.3
Grand total ³	78.7	410.5	26.7	54.9	18.9	3.2	38.3	7.5	240.9	21.8	262.7	355.4

See footnote on p. 25.

¹ Includes ocean transportation to be financed by CCC.

² Excludes canceled November 1961 agreement. Includes amendment of June 18, 1962, which provides for increasing total value including ocean transportation by any amount up to \$5,000,000, which may be applied in any proportion to the following commodities: grain and grain products, dairy products, fats and oils, dry edible beans and peas, livestock products, and fruits and vegetables.

³ Not necessarily complete for all commodities. See footnote (2).

⁴ See the following:

Corn	9.6
Mixed livestock feed	.9
Total	10.5
See the following:	
Nonfat dry milk	1.5
Anhydrous milk fat and/or butter fat	1.6
Condensed milk	.9
Evaporated milk	.2
Total	3.2

⁶ See the following:

Lard	0.3
Tallow	4.6
Cottonseed and/or soybean oil	17.6
Soybeans	13.3
Soybean meal	2.5
Total	38.3
See the following:	
Beef	2.2
Beans	2.1
Seeds	.5
Poultry	.3
Total	5.1

TABLE 8.—Approximate quantities of commodities under title IV, Public Law 480 agreements signed July 1, 1961, through June 30, 1964

[Figures in thousands]

Area and country	Wheat and flour	Feed and feed grains	Rice	Cotton	Tobacco	Dairy products	Oils and oilseeds	Poultry	Dry edible beans	Hay and pasture seeds
	Bushels	Bushels	Hundred-weight	Bales	Pounds	Pounds	Pounds	Pounds	Hundred-weight	Hundred-weight
Europe:										
Iceland	404									
Portugal	12,714			315	507					
Yugoslavia	9,553						164,822		286	
Total	22,671			315	507		164,822		286	
Africa:										
Ethiopia	221	354	992	9						
Liberia										
Total	221	354	992	9						
Near East and south Asia:										
Iraq	5,511				3,307			992		
Syrian Arab Republic			220		441					
Total	5,511		220		3,748			992		

STATEMENT OF POLICY

The committee believes it is time to reach a better understanding about the use of foreign currencies received in return for surplus commodities and, with such understanding, to adopt some better procedures and policies for the use of these currencies in such a manner as to return the greatest possible benefit to the United States. There is now a total of nearly \$2.5 billion of such currencies on hand in U.S. Treasury and agency accounts in foreign banks.

Most of this currency is not "money" in the sense that it can be used for goods or services in this country or in other countries of the world. Most of it can be spent only in the country of origin and, except for a small degree of convertibility, the agreement with each country so stipulates.

This foreign currency is not money in the sense that withholding it from use is going to make the United States richer or save money for the Treasury. The money was spent when the Commodity Credit Corporation used dollars to support farm prices by buying and disposing of surplus commodities. The commodities and the dollars spent for them are irretrievably gone when the commodities have been exchanged for foreign currencies.

The only question to be resolved, then, is how can we get the greatest benefit to the United States out of this money that has already been spent?

U.S. USES

The greatest tangible benefit to the United States occurs, of course, when these local currencies are used to pay the cost of U.S. Government agencies and their programs in foreign countries. About \$200 million a year is now being used in this manner; for payments that would otherwise be made in dollars. This not only results in a direct dollar savings to the United States, but reduces the gold outflow by an identical amount, and actually means that we are paying this much of our Government expenses abroad with surplus agricultural commodities.

When currencies are used in this manner, the Government agency concerned uses the dollars it receives in its regular annual appropriations to purchase foreign currencies from the Commodity Credit Corporation to use instead of its appropriated dollars in the countries and for the programs for which such currencies are usable. In addition, the agencies receive dollar appropriations with which to buy Public Law 480 currencies from the Commodity Credit Corporation for the special purposes authorized in section 104 of the act.

The Committee on Agriculture is not opposed to this process. On the contrary, the committee wishes that an even larger part of our foreign currency could be used for this purpose. Each time Public Law 480 has been extended the committee has added additional uses for these foreign currencies when purchased with appropriated agency dollars. Unless the law so provides, the President cannot include in the agreement with the foreign country provision for use of its currency in lieu of dollars in this manner.

In spite of the substantial expansion in the law of the purposes for which foreign currencies may be used instead of dollars, and in spite of expanding provisions for such uses in Public Law 480 agreements with other countries, the percentage of such currencies actually used

in this manner has decreased from 23 percent in the fiscal year 1960 to 17 percent in fiscal 1963.

Since the dollars which are used to purchase these currencies are paid to the Commodity Credit Corporation, thus reducing its need for direct appropriations, the committee believes it is poor economy not to permit the agencies of the Government to use these currencies liberally for every authorized and justifiable overseas activity of such agencies.

COOLEY LOANS

Although not usually listed as a "U.S. use," foreign currency loans to private business firms authorized in section 104(e) of Public Law 480 are high in the priority of uses which return a tangible benefit to the United States. Popularly called Cooley loans after the author of the amendment, they are of two general types: (1) To U.S. private business firms or affiliates for business development in a foreign country that will not compete with U.S. products or agricultural exports and (2) to domestic or foreign private business firms for facilities which will expand the export of U.S. agricultural products.

The loans are made in and repaid in foreign currencies generated from the sale of agricultural surpluses, at interest rates comparable to prudent business loans in the country involved. Loan repayments and interest go into the U.S. Treasury and are available for other uses, including the direct U.S. uses by Government agencies discussed above.

The Cooley loans program has been one of the most popular and constructive parts of the Public Law 480 operation. A recent development, which the committee strongly commends, is the use of the loan funds to help finance low-cost housing developments in other countries by U.S. firms.

The present law has a ceiling of 25 percent on the amount of foreign currency which may be allotted for such loans in the agreement covering any single sale. Under this limitation, the amount authorized for such use in the agreements entered into since the enactment of the provision has averaged about 7.5 percent.

In some countries there is little or no demand from private business for these loans. In other countries, the requests for loans substantially exceed the amount of currency available for this use. The committee believes that in some of these countries a higher proportion than 25 percent of the Public Law 480 currencies could profitably be used for Cooley loans and it has, therefore, included in this bill an amendment removing the 25 percent ceiling, with the expectation that this expanded authority will be used in proper cases.

The committee notes with disapproval that there are a few countries where the amount of currency reserved for such loans in the country agreements is less than the maximum authorized by present law and apparently less than the amount which could profitably be used for this purpose, as measured by business demand for such loans. Neither the business community nor the committee understands why this should be.

The committee suggests, therefore, (1) that the President in negotiating title I agreements with other countries should make it clear to them that the Congress expects that there will be included in such agreements provision for the use of local currencies for section 104(e)

loans up to the maximum which he estimates may reasonably be used profitably in that country and (2) that in connection with the signing of any agreement providing for less than the maximum authorized by present law for such loans, the President should issue a statement informing the business community and the committee why the amount is less than 25 percent.

DEFENSE USES

Under the authority of section 104(c) of Public Law 480, agreements entered into by the President may stipulate that part of the local currencies received from the transaction will be used for military procurement, services, and other common defense purposes in the country involved. In this manner, agricultural surpluses are being used to pay part of the cost of military and defense operations in countries such as Korea, Vietnam, and Greece.

Although this is not listed as a "U.S. use" of these currencies, it is, clearly, high on the priority of those uses returning a direct, identifiable benefit to the United States. It is reasonable to assume that dollars would be used for much of this defense operation if local currencies generated by the sale of agricultural surpluses were not available. This use, therefore, results in a direct dollar saving and a reduction in the outflow of gold to the extent that these currencies would not otherwise be used in lieu of dollars.

The committee includes in this bill an amendment to section 104(c) which will make it clear that this use of local currencies may include such internal security measures as the "strategic hamlet" program in Vietnam and operations against internal insurgency arising from outside sources.

There is another area of military operations where it seems to the committee that more use might be made of Public Law 480 currencies. Wherever our military forces are stationed there is inevitably a certain amount of expenditure for local supplies and services. Some of the dollars which are normally spent in this manner are now being saved by procuring these local services and supplies through barter of surplus agricultural commodities and the committee commends this policy. There are some cases where direct use of foreign currencies by the military saves dollars in local procurement. The committee believes that this approach should be expanded whenever possible.

LOANS AND GRANTS FOR ECONOMIC DEVELOPMENT

One of the basic purposes of Public Law 480 is to use our agricultural abundance to develop the economies of countries which need our help. The success of this operation is discussed elsewhere in this report. Under the Marshall plan, which had a similar objective, we donated our agricultural commodities outright to the governments involved and reserved only a "veto" control over the use of the local currencies generated from the local sale of these commodities, which we call counterpart funds.

Under Public Law 480, the agricultural commodities are not conveyed to the government involved, but are sold by the United States into commercial trade channels in the country of destination and the local currencies generated by this local distribution are paid to the U.S. Government. Since part of the purpose of Public Law 480 is identical with the purpose of the Marshall plan—to assist in the de-

velopment of the economy and the capital resources of the foreign country—some of the proceeds from the local sale of the commodities are, in the case of some countries, made available to them for economic development. The objective and the result is the same as the Marshall plan, but the procedure puts all of the foreign currency under the control of the United States, instead of the recipient government, in effect, lets the United States decide the use to which its donated agricultural commodities are to be put.

In the past, many agreements which have provided for the donation of agricultural commodities in this manner, as part of the transaction, have stipulated only in very general terms the use to which the donated portion of the commodities (the loan or grant proceeds) are to be put. It is true that at least with respect to loan funds, the United States continues to exercise some degree of control. But it seems to the committee that the use to be made of the proceeds from these donated commodities might well be spelled out more particularly in the agreements themselves.

The committee has also felt, over the years, the need for more knowledge about what the recipient countries were doing with those donated commodities (currencies). The U.S. agencies involved in their use have always been prompt and frank in their response to the committee's requests for information. But by the very nature of the committee's operations, its responsibilities in other areas do not permit it to make such requests as often as it would like or even as often, probably, as it should. When it does so, most of the information it gets concerns what has been done in the past—very little, quite naturally, about what is going to be done in the future.

In order to bring about a better rapport and mutual understanding, and as an instrument of current information, in this important area of the use being made of donated commodities, the committee has provided in this bill for a joint executive-legislative committee to review and consider grants which are a part of Public Law 480 agreements.

There is no doubt about the constitutionality of such a committee. It has no administrative function nor authority. The President is free to accept or reject its advice, as he may see fit and it does not affect in any manner his authority and responsibility to decide what provisions shall be in a Public Law 480 agreement. Washington has had many such joint executive-legislative advisory committees, the most recent being the commission established by Congress to study the food marketing system and advise the President and the Congress with respect to its findings. It is hoped that the committee established by this bill will be a valuable source of information for both the executive branch and the Congress.

The committee is also given the task of reviewing surplus currencies and advising the President on ways in which they may be used so as to return the greatest benefit to the United States. This is discussed in the following section of the report.

EXCESS CURRENCIES

According to the latest figures of the Treasury, there are on deposit throughout the world almost a billion dollars worth of foreign currencies which are reserved in Public Law 480 agreements for U.S.

uses but which are surplus to any foreseeable use for Government purposes within the countries involved.

Following is the list of currencies of which Treasury Department holdings are considered in excess. The table shows the total amount of such holdings broken down between those arising from Public Law 480 title I sales and those arising from other sources.

The table does not show the amount of the estimated excess on hand in the case of each currency because these amounts can only be estimated in a rough order of magnitude depending as they do on estimates of requirements for a wide variety of programs over a period of time. There are only two countries where excess balances are estimated to be very substantial. In the case of Poland, the excess is estimated in the neighborhood of \$475 million (equivalent); India, \$250 million; Egypt, \$50 million; other countries, under \$25 million equivalent in each case.

Excess currency countries, June 30, 1964, balance (preliminary) U.S. use only

[U.S. dollar equivalent in millions]

Country	Title I Public Law 480	Non-Public Law 480	Total
Burma.....	8.5	7.0	15.5
India.....	171.2	208.2	379.4
Israel.....	19.9	11.9	31.8
Pakistan.....	33.4	74.5	107.9
Poland.....	489.9	0	489.9
United Arab Republic (Cairo).....	75.9	3.4	79.3
Yugoslavia.....	20.2	32.1	52.3
Total.....	819.0	337.1	1,156.1

These currencies are as truly a part of our surplus as were the commodities which generated them. Like commodity surpluses, they are a liability if we simply store them, but can be an asset if we use them. They are returning to the United States a low rate of interest which may be more than offset by inflation within the country. Like our commodity surpluses, there is no danger of not having enough for our own use, for there is always another crop in prospect.

The committee has included an amendment to try to make some beneficial use of these excess currencies. It authorizes the President, with the guidance of the advice provided by the committee discussed in the preceding section, to put these currencies to use in a manner which he believes will return the greatest possible benefit to the United States. These uses would be, by the terms of the amendment, completely outside the ordinary or usual operations of our Government in foreign countries and the currency uses authorized in section 104. They might or might not involve actual change in the equitable ownership of the currencies.

The amendment would not permit the use of these excess currencies in this manner for any regular function of the Government, for any purpose for which dollar appropriations for purchase of foreign currency are now being made or have any reasonable likelihood of being made, or in any manner which would have the effect of reducing the possible dollar reimbursement of the Commodity Credit Corporation

(such as from the sale of currencies to tourists or private citizens or business firms).

In short, the only purpose of this amendment is to permit some beneficial use of Public Law 480 currencies which are not now being used and which will probably not otherwise be used.

SALES FOR DOLLAR CREDIT

The committee notes with approval the increased use of title IV of the act to make sales for long-term dollar credit, rather than for local currency, but it believes that an even larger portion of the transactions under Public Law 480 can be made in this manner. It urges the Department of Agriculture to give more attention to the negotiation of such sales through the private trade and to continue its efforts to shift sales from title I to title IV wherever the balance of payments will benefit thereby.

SECTION-BY-SECTION EXPLANATION

Section 1 of the bill as amended by the committee would make the following amendments to Public Law 480:

(1) Title I of the act would be extended for 3 years until December 31, 1967. It authorizes agreements to be entered into during such 3-year period in an amount which does not call for appropriation to reimburse CCC in a total amount in excess of \$4 billion plus the carryover of unused authorization from prior years. Proposed legislation submitted by the Secretary of Agriculture would have included a provision authorizing agreements to be entered into in an additional amount equal to amounts received in U.S. dollars as loan repayments or as reimbursements from other agencies. The committee dropped this provision as not being necessary, since the Department has advised the committee that the authority to use loan repayments for entering into additional agreements was of only limited importance and since the authority to use reimbursements from other agencies to enter into additional agreements is already clearly authorized by law.

With the \$4 billion new authorization for appropriations to reimburse Commodity Credit Corporation and the allowances for unused previous authorizations and sales of foreign currencies, the agreements signed under title I may equal the average of the past several years. The unused previous authorization renewed by the bill for December 31, 1961, totals \$407 million and the estimated for the end of 1964 is currently about \$500 million.

The estimated reimbursements to the Corporation from sales of foreign currencies is nearly \$200 million per year or nearly \$600 million for the 3-year period. With these additions to the appropriations required, the total of agreements signed may be approximately \$5.5 billion, which would permit signing agreements averaging \$1.7 billion per year and a carryout of unused authorization of \$400 million, or about the same as at the expiration of the previous authorizations. The above authorization amounts are in terms of total cost to CCC, including price support costs, storage, interest, packaging, and inland and ocean transportation. Export market value of the agricultural commodities alone equals only about 70 percent of the total. The

ocean freight costs on U.S. vessels required by the cargo preference legislation amount to approximately 10 percent of this total.

(2) Section 104(c) of the act is amended to authorize the use of foreign currencies for the procurement of military equipment, materials, facilities, and services for the common defense including internal security. This amendment would make it clear that this authority can be used for activities in support of counterinsurgency programs, such as the Vietnam strategic hamlet program, and other activities of a military nature vital to counteract subversion and insurgency. The new authority is not intended to authorize the use of these currencies to support police force type activities.

(3) Section 104(e) of the act is amended to remove the 25-percent limitation on Cooley amendment loans of foreign currencies to private business firms. The amendment would add a requirement that foreign currencies be available for such purposes to the maximum usable extent, consistent with the purposes of title I of Public Law 480. In taking this action the committee notes with approval the fact that in the last few years an increase of funds have been made available to U.S. private enterprise through the Cooley loan program. This increase has, however, given rise to increased demand by American business for these funds. To the extent possible this demand should be met. At the same time, the committee is aware that in a few instances, notably Brazil, no funds have been reserved for Cooley loan purposes. It is the expectation of the committee that this practice will not continue where funds can be used effectively to promote private enterprise.

(4) Section 104 of the act is also amended by adding a new subsection (u) to authorize the use of foreign currencies which are in excess of the normal requirements of the United States to promote the development of resources of less developed friendly foreign countries in a manner to obtain the maximum benefit for the United States. An advisory committee is established, consisting of the Secretary of Agriculture, the Director of the Bureau of the Budget, the Administrator of the Agency for International Development, the chairman and ranking minority member of the House Committee on Agriculture, and the chairman and ranking minority member of the Senate Committee on Agriculture and Forestry, to make recommendations to the President with regard to use of such excess currencies and the making of grants for economic development under section 104(e) of the act.

Experience has indicated the general advisability of not declaring a U.S.-held local currency in excess unless at least a supply of the currency equal to 2 years anticipated Government operating requirements is on hand, due weight being to the timing and amount of any prospective receipts of the currency. In the case of a rapidly depreciating currency an exception may be warranted on a case-by-case basis.

(5) Section 104 is also amended by increasing the minimum amount of foreign currencies which are subject to the appropriation process from 10 to 20 percent. The new minimum applies to the aggregate of the foreign currencies which accrue under the agreements entered into during the period of the 3-year extension. The minimum of 10 percent remains applicable to the aggregate of the foreign currencies which accrue under agreements entered into prior to the 3-year extension.

(6) This amendment changes the reporting requirement under the act to provide for a report by the President to the Congress on activities under the act every year instead of every 6 months.

(7) This amendment changes the expiration date for transactions under titles I and II of the act from 1964 to 1967, to conform to the other provisions of the bill extending these titles for 3 years.

(8) This amendment extends title II for 3 years through December 31, 1967, and provides for an increase in the annual title II authorization to \$450 million compared with the present \$300 million. Title II which covers emergency and disaster relief and food-for-work type programs and currently operating at about the \$300 million level (at CCC cost), but many projects have been undertaken thus far on a pilot basis and are now ready to be expanded. The committee is convinced that this program has proven its merit and that the need and potential for continued effective programing are great.

This amendment also extends the authority to pay general average contributions to commodities donated under section 416 and related statutes, as is now provided for shipments under title II of Public Law 480.

(9) This amendment authorizes the use of currencies acquired under title I sales programs in support of title II and III food-for-work programs. Under this authority local materials such as tools and cement may be supplied for use in registered U.S. voluntary agency and other approved food-for-peace programs. (The amendment prohibits use of the currencies to pay personnel and administrative costs.) Although not more than \$5 to \$10 million per year is expected to be used and this principally in "excess currency countries," these currencies can contribute materially to the basic objective of utilizing food programs to reduce the need for continuing food assistance. The committee expects funds to be used only for essential tools, equipment, and transportation for self-help and publicly oriented nonreligious community projects and activities.

(10) The committee has amended section 101(f) to assure that the United States obtains exchange rates in connection with the sale of commodities under title I which will be most favorable to the United States. This amendment assures that a country which makes purchases under Public Law 480 will not keep the highest legally obtainable rate at arbitrarily unfavorable rates for the United States. The amendment would require that Public Law 480 sales be accorded the same treatment as that given to other nations in their commercial dealings with the purchasing country.

Section 2 of the bill would amend subsection (b) of section 612 of the Foreign Assistance Act of 1961, as amended, by redesignating it as subsection (t) of Public Law 480, and by providing that U.S. dollars received from the sale of foreign currencies acquired through operations under title I of Public Law 480, shall be deposited to the account of the Commodity Credit Corporation. Under this authority foreign currencies are authorized to be used for sale to citizens for travel or other purposes. The term "U.S. citizens" as used in this provision includes U.S. corporations operating abroad and U.S. voluntary agencies (such as CARE), as well as U.S. religious groups.

Section 3 of the bill adds language in title III directing that insofar as practical donated food be "directed toward community and other

self-help activities designed to alleviate the causes of the need for such assistance."

COMMITTEE AMENDMENTS

The amendment to paragraph (2) of section 1 is intended to make it clear that the operations authorized by paragraph (2) are to be of a military nature.

The amendment to paragraph (4) of section 1 removed language which the committee considered to be surplusage. The scope and limitations of this amendment have been very carefully defined in this report.

The amendment to paragraph (9) of section 1 is designed to emphasize that the programs authorized for assistance under this subsection are limited to publically oriented, nonreligious community projects and activities.

EXECUTIVE COMMUNICATION

Following is the letter from the Secretary of Agriculture requesting extension and amendment of Public Law 480.

DEPARTMENT OF AGRICULTURE,
Washington, D.C., February 18, 1964.

Hon. JOHN W. McCORMACK,
Speaker of the House of Representatives.

DEAR MR. SPEAKER: One of the deep satisfactions that come to me as Secretary of Agriculture is the fact that I am able to play a part in carrying forward our Nation's highly successful agricultural export program under Public Law 480. I know that many of my friends in Congress feel exactly the same way.

Public Law 480 currently is making a greater contribution than at any time in its nearly 10 years of operation. Shipments of U.S. agricultural products under the program reached an alltime high record of more than \$1.6 billion, export market value, in calendar year 1963. Not only are such shipments putting food and fiber into the hands of needy foreign friends and accelerating their growth programs, but also they effectively serve our farm and business communities by building future foreign markets for our efficiently produced abundance. Hundreds of thousands of jobs on our farms and in our towns and cities depend wholly or substantially on the production, processing, transporting, and related activities brought about by Public Law 480.

The programs, operating in more than 100 nations, have begun to make a contribution to economic growth that is even more dramatic. More than half a million workers in 19 countries are paid directly in U.S. food under Public Law 480 food-for-work programs. Many thousands more are employed as a direct result of the use of local currencies for economic development projects.

Titles I and II of the Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law 480, 83d Cong.) are authorized through the remainder of this calendar year. I am enclosing a draft of a proposed bill to extend these authorities.

It is proposed that (1) the authority to enter into agreements under title I be extended 5 calendar years through December 31, 1969, and increased by \$7.1 billion for the 5-year period with a limitation of \$2.5 billion in any calendar year with provision for the carryover of uncommitted authorizations from prior years, (2) the use of foreign

currencies be authorized for procurement of equipment, materials, facilities, and services for internal security programs, in addition to the military categories presently authorized for the common defense, (3) the existing 25-percent limitation on loans to private business firms be eliminated, (4) authorization be included for the sale of title I currencies for dollars to voluntary agencies and to U.S.-flag vessels for payment of certain expenses incurred under the act, (5) the requirement of reports on activities under the act be changed from every 6 months to each year, and (6) the title II authority be increased to \$450 million for each of the calendar years 1965 through 1969 and authority to make general average contributions be extended to title III, and related shipments.

Title I of Public Law 480 authorizes the President to enter into agreements with friendly nations or organizations of friendly nations to provide for the sale of surplus agricultural commodities for foreign currencies. Congressional authorizations for the 5-year period January 1, 1960, through December 31, 1964, total \$9.5 billion, with a maximum of \$2.5 billion during each of the calendar years 1961 through 1964. Programing for the past 5 years resulted in costs to the Commodity Credit Corporation of approximately \$9 billion. However, it is anticipated that dollar reimbursements to the Commodity Credit Corporation from other agencies of the U.S. Government as a result of loan repayments and sales of title I currencies will provide approximately \$1 billion so that authorization of further appropriations of \$7.1 billion plus carryover of uncommitted authorizations will be sufficient. Public Law 87-128 which extended title I authority through December 31, 1964, did not include the provision for the carryover of uncommitted authorizations from prior years which had been included in previous extensions of title I. The enclosed draft of a proposed bill requests that this provision be restored to eliminate administrative and accounting problems which have resulted.

The request for a 5-year extension of the title I program is presented to permit continuation of orderly programing and shipment of agricultural surplus to food-and-fiber deficit areas of the world, principally less developed nations. Enactment of the proposal will facilitate efforts to make maximum utilization of our agricultural abundance under the food-for-peace program and to continue to negotiate agreements on a long-term basis where there are opportunities to program commodities and it is in the interest of American agriculture to do so.

The foreign currency uses now include authorization for procurement of military equipment, materials, facilities, and services for the common defense. In order to make clear that this authority can be used for activities in support of counterinsurgency programs, such as the Vietnam strategic hamlet program, and other activities vital to counteract Communist-inspired subversion and insurgency, we are requesting that the authority be changed to delete reference to "military" goods and services and to make explicit that the authority may be used to procure any goods and services necessary for the common defense, including within that concept internal security programs.

Public Law 480 now provides a limit of 25 percent on the amount of foreign currency that can be set aside in each agreement for loans

to private business firms. There may be occasions when it would be beneficial to the developing countries and to the United States to provide for a larger share of title I currency for this purpose.

Amendment of section 104 is requested to provide for the sale of title I foreign currencies to U.S. voluntary agencies for use in paying expenses abroad in connection with the distribution of donated commodities and to U.S.-flag vessels for use in paying port fees, unloading, lightering, and other charges at destination in connection with the carrying of Public Law 480 cargo. It is now necessary for these users to purchase foreign currencies abroad to pay these expenses, and the sale to title I currencies for this purpose would represent a dollar saving to the United States in countries where it is not necessary to purchase currencies to meet other U.S. obligations. This amendment would facilitate the negotiation of agreements providing for the use of funds for these purposes.

The act provides that a report on activities be made every 6 months. The 19th semiannual report now in preparation, as well as the several immediately preceding reports, reveal that these summaries of statistics and factual information will serve the purpose at considerably lower cost if they are submitted annually. Additional timely information is made available to the committees, Congress, and the public as it becomes available and is most useful.

In order to permit continuation of useful activities which have been possible under title II of Public Law 480 (relating to famine relief and other assistance), it is proposed that this authority be extended for 5 calendar years through December 31, 1969. It is also proposed that the authorization be increased to \$450 million per calendar year. This amount, along with uncommitted authorizations from prior years, will provide for an expansion in the economic and community development programs authorized under section 202. The current authorization for title II programs is \$300 million per calendar year. However, by utilizing uncommitted authorizations from prior years, programing for fiscal year 1963 was at a rate of \$354 million. Section 203 of Public Law 480 also authorizes the use of title II funds to pay certain transportation costs on commodities donated under section 416 of the Agricultural Act of 1949, as amended, and authorizes the payment of charges for general average contributions from title II funds. It is proposed that language be inserted to extend the authority for the payment of charges for general average contributions to commodities donated under section 416 and related statutes when title II funds are used to pay ocean freight charges.

With the possible exception of the increasing operations under title II, enactment of the proposed legislation would result in no increase in employment or administrative costs in the fiscal year 1965. The program cost of \$1.5 billion estimated for the fiscal year 1965 takes into account the proposed amendments.

The Bureau of the Budget advises that enactment of the proposed legislation would be in accord with the program of the President.

A similar letter is being sent to the President of the Senate.

Sincerely yours,

ORVILLE L. FREEMAN,
Secretary.

CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE
ACT OF 1954

* * * * *

SEC. 101. In furtherance of this policy, the President is authorized to negotiate and carry out agreements with friendly nations or organizations of friendly nations to provide for the sale of surplus agricultural commodities for foreign currencies. In negotiating such agreements the President shall—

(a) take reasonable precautions to safeguard usual marketings of the United States and to assure that sales under this Act will not unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade with friendly countries;

(b) take appropriate steps to assure that private trade channels are used to the maximum extent practicable both with respect to sales from privately owned stocks and from stocks owned by the Commodity Credit Corporation;

(c) give special consideration to utilizing the authority and funds provided by this Act, in order to develop and expand continuous market demand abroad for agricultural commodities, with appropriate emphasis on underdeveloped and new market areas;

(d) seek and secure commitments from participating countries that will prevent resale or transshipment to other countries, or use for other than domestic purposes, of surplus agricultural commodities purchased under this Act, without specific approval of the President; and

(e) afford any friendly nation the maximum opportunity to purchase surplus agricultural commodities from the United States, taking into consideration the opportunities to achieve the declared policy of this Act and to make effective use of the foreign currencies received to carry out the purposes of this Act.

(f) obtain rates of exchange applicable to the sale of commodities under such agreements which are not less favorable than the highest of exchange rates legally obtainable [from the Government or agencies thereof] in the respective countries [], *and which are not less favorable than the highest of exchange rates obtainable by any other nation.*

SEC. 103. (a) For the purpose of making payment to the Commodity Credit Corporation to the extent the Commodity Credit Corporation is not reimbursed under section 105 for commodities disposed of and costs incurred under titles I and II of this Act, there are hereby authorized to be appropriated such sums as are equal to (1) the Corporation's investment in commodities made available for export under this title and title II of this Act, including processing, packaging, transportation, and handling costs, (2) all costs incurred by the Corporation in making funds available to finance the exporta-

tion of surplus agricultural commodities pursuant to this title and, (3) all Commodity Credit Corporation funds expended for ocean freight costs authorized under title II hereof for purposes of section 416 of the Agricultural Act of 1949, as amended. Any funds or other assets available to the Commodity Credit Corporation may be used in advance of such appropriation or payments, for carrying out the purposes of this Act.

(b) Agreements shall not be entered into under this title during the period beginning January 1, [1962] 1965, and ending December 31, [1964] 1967, which will call for appropriations to reimburse the Commodity Credit Corporation in a total amount in excess of [\$4,500,000,000] \$4,000,000,000 *plus any amount by which agreements entered into in prior years have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such prior years by this Act as in effect during such years: Provided, That* agreements shall not be entered into during any calendar year of such period which will call for appropriations to reimburse Commodity Credit Corporation in amounts in excess of \$2,500,000,000.

SEC. 104. Notwithstanding Section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, the President may use or enter into agreements with friendly nations or organizations of nations to use the foreign currencies, including principal and interest from loan repayments, which accrue under this title for one or more of the following purposes:

(a) To help develop new markets for United States agricultural commodities on a mutually benefiting basis. From sale proceeds and loan repayments under this title not less than the equivalent of 5 per centum of the total sales made each year under this title after the date of this amendment shall be set aside in the amounts and kinds of foreign currencies specified by the Secretary of Agriculture and made available in advance for use as provided by this subsection over such period of years as the Secretary of Agriculture determines will most effectively carry out the purpose of this subsection: *Provided, That* no such funds shall be allocated under this subsection after June 30, 1960, except as may be specified, from time to time, in appropriation acts. Provision shall be made in sale and loan agreements for the convertibility of such amount of the proceeds thereof (not less than 2 per centum) as the Secretary of Agriculture determines to be needed to carry out the purpose of this subsection in those countries which are or offer reasonable potential of becoming dollar markets for United States agricultural commodities. Such sums shall be converted into the types and kinds of foreign currencies as the Secretary deems necessary to carry out the provisions of this subsection and such sums shall be deposited to a special Treasury account and shall not be made available or expended except for carrying out the provisions of this subsection. Notwithstanding any other provision of law, if sufficient foreign currencies for carrying out the purpose of this subsection in such countries are not otherwise available, the Secretary of Agriculture is authorized and directed to enter into agreements with such countries for the sale of surplus agricultural commodities in such amounts as the Secretary of Agriculture determines to be adequate and for the use of the proceeds to carry out the purpose of this subsection;

(b) To purchase or contract to purchase, in such amounts as may be specified from time to time in appropriation acts, strategic or other materials for a supplemental United States stockpile of such materials as the President may determine from time to time. Such strategic or other materials acquired under this subsection shall be placed in the above named supplemental stockpile and shall be released therefrom only under the provisions of section 3 of the Strategic and Critical Materials Stock Piling Act;

(c) To procure military equipment, materials, facilities, and services for the common defense *including internal security*;

(d) For financing the purchase of goods or services for other friendly countries;

(e) For promoting balanced economic development and trade among nations, for which purposes [not more than 25 per centum of the currencies received pursuant to each such agreement shall be available] *currencies shall also be available to the maximum usable extent* through and under the procedures established by such agency as the President shall direct for loans mutually agreeable to said agency and the country with which the agreement is made to United States business firms and branches, subsidiaries, or affiliates of such firms for business development and trade expansion in such countries and for loans to domestic or foreign firms for the establishment of facilities for aiding in the utilization, distribution, or otherwise increasing the consumption of, and markets for, United States agricultural products: *Provided, however,* That no such loans shall be made for the manufacture of any products to be exported to the United States in competition with products produced in the United States or for the manufacture or production of any commodity to be marketed in competition with United States agricultural commodities or the products thereof. Foreign currencies may be accepted in repayment of such loans.

(f) To pay United States obligations abroad;

(g) For loans to promote multilateral trade and economic development, made through established banking facilities of the friendly nation from which the foreign currency was obtained or in any other manner which the President may deem to be appropriate. Strategic materials, services, or foreign currencies may be accepted in payment of such loans;

(h) For the financing of international educational exchange activities under the programs authorized by section 32(b)(2) of the Surplus Property Act of 1944, as amended (50 U.S.C. App. 1641(b)) and for the financing in such amounts as may be specified from time to time in appropriation acts of programs for the interchange of persons under title II of the United States Information and Educational Exchange Act of 1948, as amended (22 U.S.C. 1446). In the allocation of funds as among the various purposes set forth in this section, a special effort shall be made to provide for the purposes of this subsection, including a particular effort with regard to: (1) countries where adequate funds are not available from other sources for such purposes, and (2) countries where agreements can be negotiated to establish a fund with the interest and principal available over a period of years for such purposes, such special and particular effort to include

the setting aside of such amounts from sale proceeds and loan repayments under this title, not in excess of \$1,000,000 a year in any one country for a period of not more than five years in advance, as may be determined by the Secretary of State to be required for the purposes of this subsection;

(i) For financing the translation, publication, and distribution of books and periodicals, including Government publications, abroad: *Provided*, That not more than \$5,000,000 may be allocated for this purpose during any fiscal year;

(j) For providing assistance to activities and projects authorized by section 203 of the United States Information and Educational Exchange Act of 1948, as amended (22 U.S.C. 1448), but no foreign currencies which are available under the terms of any agreement for appropriation for the general use of the United States shall be used for the purposes of this subsection (j) without appropriation therefor;

(k) To collect, collate, translate, abstract, and disseminate scientific and technological information and to conduct research and support scientific activities overseas including programs and projects of scientific cooperation between the United States and other countries such as coordinated research against diseases common to all of mankind or unique to individual regions of the globe, and to promote and support programs of medical and scientific research, cultural and educational development, health, nutrition, and sanitation: *Provided*, That foreign currencies shall be available for the purposes of this subsection (in addition to funds otherwise made available for such purposes) only in such amounts as may be specified from time to time in appropriation Acts;

(l) For the acquisition by purchase, lease, rental or otherwise, of sites and buildings and grounds, abroad, for United States Government use including offices, residence quarters, community and other facilities, and for construction, repair, alteration and furnishing of such buildings and facilities: *Provided*, That foreign currencies shall be available for the purposes of this subsection (in addition to funds otherwise made available for such purposes) in such amounts as may be specified from time to time in appropriation acts;

(m) For financing in such amounts as may be specified from time to time in appropriation acts (A) trade fair participation and related activities authorized by section 3 of the International Cultural Exchange and Trade Fair Participation Act of 1956 (22 U.S.C. 1992), or section 212(B) of the Merchant Marine Act, 1936, and (B) agricultural and horticultural fair participation and related activities;

(n) For financing under the direction of the Librarian of Congress, in consultation with the National Science Foundation and other interested agencies, in such amounts as may be specified from time to time in appropriation acts, (1) programs outside the United States for the analysis and evaluation of foreign books, periodicals, and other materials to determine whether they would provide information of technical or scientific significance in the United States and whether such books, periodicals, and other materials are of cultural or educational significance; (2) the reg-

istry, indexing, binding, reproduction, cataloging, abstracting, translating, and dissemination of books, periodicals, and related materials determined to have such significance; and (3) the acquisition of such books, periodicals, and other materials and the deposit thereof in libraries and research centers in the United States specializing in the areas to which they relate;

(o) For providing assistance, in such amounts as may be specified from time to time in appropriation acts, by grant or otherwise, in the expansion or operation in foreign countries of established schools, colleges, or universities founded or sponsored by citizens of the United States, for the purpose of enabling such educational institutions to carry on programs of vocational, professional, scientific, technological, or general education;

(p) For supporting workshops in American studies or American educational techniques and supporting chairs in American studies;

(q) For assistance to meet emergency or extraordinary relief requirements other than requirements for surplus food commodities: *Provided*, That not more than a total amount equivalent to \$5,000,000 may be made available for this purpose during any fiscal year;

(r) For financing the preparation, distribution, and exhibiting of audio-visual informational and educational materials, including Government materials, abroad: *Provided*, That not more than a total amount equivalent to \$2,500,000 may be made available for this purpose during any fiscal year, but nothing in this subsection shall limit or affect the use of foreign currencies to finance the preparation, distribution, or exhibition of such materials in connection with trade fairs and other market development activities under subsection (a);

(s) For the sale for dollars to American tourists under such terms and conditions as the President may prescribe;

* * * * *

(t) In order to provide for the foreign currency needs of United States citizens for travel or other purposes, the Secretary of the Treasury may make available for sale for United States dollars to such citizens, at United States embassies or other convenient locations, foreign currencies acquired by the United States through operations under [this Act] the Foreign Assistance Act of 1961, as amended, the Mutual Security Act of 1954, as amended, or any Act repealed thereby, or the Agricultural Trade Development and Assistance Act of 1954, as amended, which (1) he determines to be in excess of the needs of departments and agencies of the United States for such currencies, and (2) are not prohibited from such use or committed to other uses by agreement heretofore entered into with another country. United States dollars received from the sale of foreign currencies under this subsection shall be deposited in the Treasury as miscellaneous receipts[.], except that in the case of any such foreign currencies acquired through operations under title I of the Agricultural Trade Development and Assistance Act of 1954, as amended, the United States dollars received from the sale of such foreign currencies shall be deposited to the account of the Commodity Credit Corporation and shall be treated as a reimbursement to Commodity Credit Corporation under section 105 of this Act.

(u) *To use foreign currencies which are in excess of the normal requirements of the United States as determined by the Secretary of the Treasury, to promote the development of the resources of less developed friendly foreign countries in a manner which will secure to the United States the maximum benefit from currencies accruing under this title: Provided, however, That no such use shall be made of such currencies which would have the effect of reducing the dollar reimbursement to the Commodity Credit Corporation for foreign currencies. There is hereby established an advisory committee composed of the Secretary of Agriculture, the Director of the Bureau of the Budget, the Administrator of the Agency for International Development, the chairman and the ranking minority member of the House Committee on Agriculture, and the chairman and the ranking minority member of the Senate Committee on Agriculture and Forestry. The functions of such Committee shall be to review from time to time the status of foreign currencies which accrue under this title and to make recommendations to the President with regard to (1) the use of excess currencies under the authority conferred upon him by this subsection and (2) grants under subsection (e) hereof.*

Provided, however, That section 1415 of the Supplemental Appropriation Act, 1953, shall apply to all foreign currencies used for grants under subsections (d) and (e) and for payment of United States obligations involving grants under subsection (f) and [to not less than 10 per centum of the foreign currencies which accrue under this title:] , effective with respect to agreements entered into beginning January 1, 1965, to not less than 20 per centum in the aggregate of the foreign currencies which accrue under such agreements: Provided, however, That the President is authorized to waive such applicability of section 1415 in any case where he determines that it would be inappropriate or inconsistent with the purposes of this title: Provided, however, That no foreign currencies shall be available pursuant to subsections (k), (p), and (r), except in such amounts as may be specified from time to time in appropriation Acts.

* * * * *

SEC. 108. The President shall make a report to Congress with respect to the activities carried on under this Act at least once each [six months] *year* and at such other times as may be appropriate and such reports shall include the dollar value, at the exchange rates in effect at the time of the sale, of the foreign currency for which commodities exported pursuant to section 102(a) hereof are sold.

SEC. 109. No transactions shall be undertaken under authority of this title after December 31, [1964] 1967, except as required pursuant to agreements theretofore entered into pursuant to this title.

* * * * *

SEC. 203. Programs of assistance shall not be undertaken under this title during any calendar year beginning January 1, [1964] 1965, and ending December 31, [1964] 1967, which call for appropriations of more than [\$300,000,000] \$450,000,000 to reimburse the Commodity Credit Corporation for all costs incurred in connection with such programs (including the Corporation's investment in commodities made available), plus any amount by which programs of assistance undertaken in the preceding calendar year have called or will call for appropriations to reimburse the Commodity Credit

Corporation in amounts less than were authorized for such purpose during such preceding year by this title as in effect during such preceding year. The President may make transfers through such agencies including intergovernmental organizations, in such manner, and upon such terms and conditions as he deems appropriate; he shall make use of the facilities of voluntary relief agencies to the extent practicable. Such transfers may include delivery f.o.b. vessels in United States ports and, upon a determination by the President that it is necessary to accomplish the purposes of this title or of section 416 of the Agricultural Act of 1949, as amended, ocean freight charges from United States ports to designated ports of entry abroad, or, in the case of landlocked countries, transportation from United States ports to designated points of entry abroad, may be paid from funds available to carry out this title on commodities transferred pursuant hereto or donated under said section 416, and charges for general average contributions arising out of the ocean transport of commodities transferred pursuant hereto or donated under said section 416, section 308 of this Act or section 9 of the Act of September 6, 1958, may be paid from such funds. In addition to other funds available for such purposes under any other Act, funds made available under this title may be used to purchase foreign currencies accruing under title I in order to meet costs (except the personnel and administrative costs of cooperating sponsors, distributing agencies, and recipient agencies, and the cost of construction or maintenance of any church owned or operated edifice to be used for sectarian purposes) designed to assure that commodities made available under this title or under title III are used to carry out more effectively the purposes for which such commodities are made available or to promote community and other self-held activities designed to alleviate the causes of the need for such assistance: Provided, however, That such funds shall be used only to supplement and not substitute for, funds normally available for such purposes from other non-United States Government sources. Funds required for ocean freight costs or for the purchase of foreign currencies authorized under this title may be transferred by the Commodity Credit Corporation to such other Federal agency as may be designated by the President.

SEC. 204. No programs of assistance shall be undertaken under the authority of this title after December 31, [1964] 1967.

* * * * *

FOREIGN ASSISTANCE ACT OF 1961

* * * * *

SEC. 612. (a) Except as otherwise provided in this Act or other Acts, foreign currencies received either (1) as a result of the furnishing of nonmilitary assistance under the Mutual Security Act of 1954, as amended, or any Act repealed thereby, and unobligated on the date prior to the effective date of this Act, or (2) on or after the effective date of this Act, as a result of the furnishing of nonmilitary assistance under the Mutual Security Act of 1954, as amended, or any Act repealed thereby, or (3) as a result of the furnishing of assistance under part I, which are in excess of amounts reserved under authority of section 105(d) of the Mutual Educational and Cultural Exchange Act of 1961 or any other Act relating to educational and cultural

exchanges, may be sold by the Secretary of the Treasury to agencies of the United States Government for payment of their obligations outside the United States, and the United States dollars received as reimbursement shall be deposited into miscellaneous receipts of the Treasury. Foreign currencies so received which are in excess of the amounts so reserved and of the requirements of the United States Government in payment of its obligations outside the United States, as such requirements may be determined from time to time by the President, shall be available for the authorized purposes of part I in such amounts as may be specified from time to time in appropriation Acts.

[(b) In order to provide for the foreign currency needs of United States citizens for travel or other purposes, the Secretary of the Treasury may make available for sale for United States dollars to such citizens, at United States embassies or other convenient locations, foreign currencies acquired by the United States through operations under this Act, the Mutual Security Act of 1954, as amended, or any Act repealed thereby, or the Agricultural Trade Development and Assistance Act of 1954, as amended, which (1) he determines to be in excess of the needs of departments and agencies of the United States for such currencies, and (2) are not prohibited from such use or committed to other uses by agreement heretofore entered into with another country. United States dollars received from the sale of foreign currencies under this subsection shall be deposited in the Treasury as miscellaneous receipts.]

* * * * *

AGRICULTURAL ACT OF 1949

* * * * *

SEC. 416. In order to prevent the waste of commodities whether in private stocks or acquired through price-support operations by the Commodity Credit Corporation before they can be disposed of in normal domestic channels without impairment of the price-support program or sold abroad at competitive world prices, the Commodity Credit Corporation is authorized, on such terms and under such regulations as the Secretary may deem in the public interest: (1) upon application, to make such commodities available to any Federal agency for use in making payment for commodities not produced in the United States; (2) to barter or exchange such commodities for strategic or other materials as authorized by law; (3) in the case of food commodities to donate such commodities to the Bureau of Indian Affairs and to such State, Federal, or private agency or agencies as may be designated by the proper State or Federal authority and approved by the Secretary, for use in the United States in nonprofit school-lunch programs, in nonprofit summer camps for children, in the assistance of needy persons, and in charitable institutions, including hospitals, to the extent that needy persons are served; and (4) to donate any such food commodities in excess of anticipated disposition under (1), (2), and (3) above to nonprofit voluntary agencies registered with the Committee on Voluntary Foreign Aid of the Foreign Operations Administration or other appropriate department or agency of the Federal Government and intergovernmental organizations for use in the assistance of needy persons and in nonprofit school lunch programs outside the United States. In the case of (3) and (4) above the

Secretary shall obtain such assurance as he deems necessary that the recipients thereof will not diminish their normal expenditures for food by reason of such donation. In order to facilitate the appropriate disposal of such commodities, the Secretary may from time to time estimate and announce the quantity of such commodities which he anticipates will become available for distribution under (3) and (4) above. The Commodity Credit Corporation may pay, with respect to commodities disposed of under this section, reprocessing, packaging, transporting, handling, and other charges accruing up to the time of their delivery to a Federal agency or to the designated State or private agency, in the case of commodities made available for use within the United States, or their delivery free alongside ship or free on board export carrier at point of export, in the case of commodities made available for use outside the United States. In addition, in the case of food commodities disposed of under this section, the Commodity Credit Corporation may pay the cost of processing such commodities into a form suitable for home or institutional use, such processing to be accomplished through private trade facilities to the greatest extent possible. For the purpose of this section the terms "State" and "United States" include the District of Columbia and any Territory or possession of the United States. *The assistance to needy persons provided in (4) above shall, insofar as practicable, be directed toward community and other self-help activities designed to alleviate the causes of the need for such assistance.*



88TH CONGRESS
2D SESSION

H. R. 12298

[Report No. 1767]

IN THE HOUSE OF REPRESENTATIVES

AUGUST 7, 1964

Mr. POAGE introduced the following bill; which was referred to the Committee on Agriculture

AUGUST 11, 1964

Reported with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Omit the part struck through and insert the part printed in italic]

A BILL

To extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That the Agricultural Trade Development and Assistance
4 Act of 1954, as amended, is further amended as follows:
5 (1) Effective January 1, 1965, section 103 (b) of such
6 Act is amended by striking out "1962" and substituting in
7 lieu thereof "1965", by striking out "1964" and substituting
8 in lieu thereof "1967", by striking out "\$4,500,000,000"
9 and substituting in lieu thereof "\$4,000,000,000", and by
10 inserting prior to the colon the following: "plus any amount
11 by which agreements entered into in prior years have called

1 or will call for appropriations to reimburse the Commodity
2 Credit Corporation in amounts less than authorized for such
3 prior years by this Act as in effect during such years”.

4 (2) Section 104 of such Act is amended by striking
5 out in subsection (c) the word “military” and inserting in-
6 serting in subsection (c) after the words “common defense”
7 the words “including internal security”.

8 (3) Section 104 of such Act is amended by striking
9 from subsection (e) the words “not more than 25 per
10 centum of the currencies received pursuant to each such
11 agreement shall be available” and substituting “currencies
12 shall also be available to the maximum usable extent”.

13 (4) Section 104 of such Act is amended by adding the
14 following new subsections *subsection*:

15 “(u) To use foreign currencies which are in excess of
16 the normal requirements of the United States as determined
17 by the Secretary of the Treasury, to promote the develop-
18 ment of the resources of less developed friendly foreign
19 countries, their technical knowledge and skills in fields such
20 as food production and distribution, education, health and
21 medicine, and engineering, *countries* in a manner which will
22 secure to the United States the maximum benefit from cur-
23 rencies accruing under this title: *Provided, however,* That no
24 such use shall be made of such currencies which would have
25 the effect of reducing the dollar reimbursement to the Com-

1 modity Credit Corporation for foreign currencies. There is
2 hereby established an advisory committee composed of the
3 Secretary of Agriculture, the Director of the Bureau of the
4 Budget, the Administrator of the Agency for International
5 Development, the chairman and the ranking minority mem-
6 ber of the House Committee on Agriculture, and the chair-
7 man and the ranking minority member of the Senate Com-
8 mittee on Agriculture and Forestry. The functions of such
9 Committee shall be to review from time to time the status of
10 foreign currencies which accrue under this title and to make
11 recommendations to the President with regard to (1) the
12 use of excess currencies under the authority conferred upon
13 him by this subsection and (2) grants under subsection (e)
14 hereof.

15 ~~“(v) For the use of the House Committee on Agricul-~~
16 ~~ture and the Senate Committee on Agriculture and Forestry~~
17 ~~to make investigations and studies deemed necessary by the~~
18 ~~chairman of the respective committees to carry out their~~
19 ~~statutory responsibility for legislative oversight of operations~~
20 ~~under the provisions of this Act.”~~

21 (5) The first proviso at the end of section 104 of such
22 Act is amended by striking out “to not less than 10 per
23 centum of the foreign currencies which accrue under this
24 title:” and substituting “, effective with respect to agree-
25 ments entered into beginning January 1, 1965, to not less

1 than 20 per centum in the aggregate of the foreign currencies
2 which accrue under such agreements:”.

3 (6) Section 108 of such Act is amended by striking
4 out the words “six months” and inserting in lieu thereof
5 the word “year”.

6 (7) Sections 109 and 204 of such Act are amended by
7 striking out “1964” and substituting in lieu thereof “1967”.

8 (8) Section 203 of such Act is amended by striking
9 out “1961” and substituting “1965”; by striking out “1964”
10 and substituting “1967”; by striking out “\$300,000,000”,
11 and substituting “\$450,000,000”; and by inserting after
12 “charges for general average contributions arising out of
13 the ocean transport of commodities transferred pursuant
14 hereto” the following: “or donated under said section 416,
15 section 308 of this Act or section 9 of the Act of September
16 6, 1958.”

17 ~~(10)~~ (9) Section 203 of the Act is amended by insert-
18 ing after the third sentence of said section the following new
19 sentence: “In addition to other funds available for such
20 purposes under any other Act, funds made available under
21 this title may be used to purchase foreign currencies accruing
22 under title I in order to meet costs (except the personnel
23 and administrative costs of cooperating sponsors, distributing
24 agencies, and recipient ~~agencies~~ *agencies, and the costs of*
25 *construction or maintenance of any church owned or operated*

1 *edifice to be used for sectarian purposes*) designed to assure
2 that commodities made available under this title or under title
3 III are used to carry out more effectively the purposes for
4 which such commodities are made available or to promote
5 community and other self-help activities designed to alleviate
6 the causes of the need for such assistance: *Provided, how-*
7 *ever,* That such funds shall be used only to supplement and
8 not substitute for, funds normally available for such purposes
9 from other non-United States Government sources.” and
10 by inserting after the word “costs” in the last sentence the
11 words “or for the purchase of foreign currencies”.

12 ~~(11)~~ (10) Section 101 of such Act is amended by strik-
13 ing out in subsection (f) the words “from the government or
14 agencies thereof” and further by striking the period at the
15 end of subsection (f) and adding the following: “, and
16 which are not less favorable than the highest of exchange
17 rates obtainable by any other nation.”.

18 SEC. 2. Subsection (b) of section 612 of the Foreign
19 Assistance Act of 1961, as amended, is amended (1) by
20 redesignating it as subsection (t) of section 104 of the Agri-
21 cultural Trade Development and Assistance Act of 1954,
22 as amended.

23 (2) By striking “this Act” and substituting “the For-
24 eign Assistance Act of 1961, as amended.”.

25 (3) By changing the period at the end of the subsection

1 to a comma and adding “except that in the case of any such
2 foreign currencies acquired through operations under title I
3 of the Agricultural Trade Development and Assistance Act
4 of 1954, as amended, the United States dollars received
5 from the sale of such foreign currencies shall be deposited to
6 the account of the Commodity Credit Corporation and shall
7 be treated as a reimbursement to Commodity Credit Corpo-
8 ration under section 105 of this Act.”

9 SEC. 3. Section 416 of the Agricultural Act of 1949, as
10 amended, is amended by adding the following at the end
11 of such section: “The assistance to needy persons provided
12 in (4) above shall, insofar as practicable, be directed toward
13 community and other self-help activities designed to alleviate
14 the causes of the need for such assistance.”.

88TH CONGRESS
2^D SESSION

H. R. 12298

[Report No. 1767]

A BILL

To extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes.

By Mr. POAGE

AUGUST 7, 1964

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Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE

Washington, D. C. 20250

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88th-2nd, No. 157

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HIGHLIGHTS: Senate passed land-water conservation fund bill. Senate debated foreign-aid authorization bill. House committee reported Public Law 480 bill. Rep Olsen, Mont., commended sending meat-import bill to conference.

SENATE

1. RECREATION. Passed, 92 to 1, with amendments H. R. 3846, to establish a land and water conservation fund. Senate conferees were appointed. pp. 18490-525

Rejected the following amendments:

By Sen. Allott, 27 to 62, to eliminate the language respecting surplus property sales. pp. 18498-507

By Sen. Ellender, 30 to 63, providing that funds appropriated or allotted pursuant to provisions for the national forest system may be used for acquisition only as hereafter authorized by statute. pp. 18514-8

2. FOREIGN AID. Continued debate on H. R. 11380, the foreign-aid authorization bill (pp. 18528-37, 18555-68). Agreed to an amendment by Sen. McGovern authorizing an additional \$50 million for purchase of domestically produced meats, rice, and other high protein foods for school lunch programs in recipient nations (pp. 18555-7). Rejected an amendment by Sen. Gruening providing for a new title on accelerated public works (pp. 18528-37, 18568).
3. D. C. APPROPRIATION BILL, 1965. Both Houses agreed to the conference report on this bill, H. R. 10199, and acted on items in disagreement. This bill will now be sent to the President. pp. 18525-8, 18576-8
4. LEGISLATIVE APPROPRIATION BILL, 1965. Both Houses agreed to the conference report on this bill, H. R. 10723, and acted on items in disagreement. This bill will now be sent to the President. pp. 18528, 18537-40, 18578-84
5. TOBACCO. The Agriculture and Forestry Committee reported with amendment H. J. Res. 1026, to extend the time by which a lease transferring a tobacco acreage allotment may be filed (S. Rept. 1375). p. 18475
6. STATE, JUSTICE, COMMERCE, JUDICIARY APPROPRIATION BILL, 1965. The Appropriations Committee reported with amendments this bill, H. R. 11134 (S. Rept. 1380). p. 18476

HOUSE

7. PUBLIC LAW 480. The Agriculture Committee submitted a supplemental report on H. R. 12298, to extend the Agricultural Trade Development and Assistance Act of 1954 (H. Rept. 1767, pt. II). pp. 18576, 18669
8. CONTAINERS. Passed as reported H. R. 5673, to prohibit introduction into interstate commerce of any shipping container manufactured in the U. S. from imported steel unless the container is marked so as to indicate the country of origin of the steel. pp. 18596, 18601-9
9. FOOD GRAIN. The Agriculture Committee reported without amendment H. R. 11846, to permit purchase of processed food grain products in addition to purchase of flour and cornmeal and donating the same for certain domestic and foreign purposes (H. Rept. 1748). p. 18390 (Aug. 11).
10. HOUSING. The Rules Committee reported a resolution providing for consideration of H. R. 12175, to extend and amend laws relating to housing, urban renewal, and community facilities. p. 18390 (Aug. 11).
11. APPROPRIATIONS. Received from the President supplemental appropriation estimates for the fiscal year 1965 (H. Doc. 338) which include the following items:
 - (1) Agricultural Research Service, \$1, 357,000 for increased meat inspection workload;
 - (2) Forest Service, \$940,000, for repair and restoration of national forest improvements destroyed or damaged by recent floods in Mont. and Ida.; and
 - (3) \$1,000,000 for expenses of the National Commission on Food Marketing established by Public Law 88-354, approved July 3, 1964. p. 18669
12. ELECTRIFICATION. Insisted on its amendments to S. 1007, to guarantee electric consumers of the Pacific Northwest first call on electric energy generated at Federal hydroelectric plants in that region and to guarantee electric consumers in other regions reciprocal priority. Conferees were appointed for a further conference. Senate conferees have already been appointed. pp. 18594-5

EXTENSION AND AMENDMENT OF PUBLIC LAW 480

AUGUST 12, 1964.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. FINDLEY, from the Committee on Agriculture, submitted the following

R E P O R T

ADDITIONAL VIEWS

[To accompany H.R. 12298]

STATEMENT

Public Law 480 is an example of a good idea gone astray. One reason—perhaps the principal reason—is the complex nature of the program. Sam Lubell, who once called farm legislation a “conspiracy against public understanding,” could very well have had Public Law 480 in mind as the prize exhibit to prove his contention.

Most of the transactions under this program are described loosely as sales, but they are a far cry from sales in the usual commercial sense. Under title I of the act, we get paid for the commodities in foreign currencies which are spendable only under severely limited rules. Still, the aura of commercial respectability lingers on, and few have the perseverance to dig into the complexities of the agreements which control how “sales” proceeds are used. Under section 104(e) of title I, grants for economic development may be made without prior approval of the Appropriations Committee. In many instances, these grants have been excessive. The Congo, for example, received a 90-percent grant on a “sale” for foreign currency.

Actually, this program has ranged far from its original twin purposes: Surplus commodity disposal and market development.

It has become a massive although little-known foreign aid program which benefits friend and foe alike.

Indeed the magnitude of this program rivals that of the much-publicized and annually scrutinized foreign aid program. This body recently approved a foreign aid bill in the amount of \$3 billion,

spending about a legislative week on the authorization, and another legislative week on the appropriation.

The bill before us today authorizes a 3-year program—not just one for a single year. Under title I alone it authorizes a total of \$5.5 billion for this period. If the money is used evenly over the 3-year period, it will average \$1.7 billion a year—over half the amount appropriated this year for foreign aid. Under title II, donations of an additional \$1.3 billion are authorized.

Spending may, at the option of the administration, be accelerated to the level of \$2.5 billion a year under title I. In that case, of course, the authorization would be depleted at the end of 2 years.

Instead of devoting the equivalent of 2 legislative weeks each year to debating, scrutinizing, and improving this program, as in the case of the foreign aid program, we will now consider this 3-year bill under suspension of the rules, a procedure which prevents amendment and severely limits debate time to 20 minutes on each side.

The bill covers 3 years and this body will have but one look at it. It will not come back to us in the form of an appropriations bill, because the entire program is financed by “back-door spending.”

At the outset I described Public Law 480 as a good idea gone astray. It has done a lot of good through the years, despite its wandering ways. Very definitely H.R. 12298 provides improvements. These of course are described adequately in the committee report.

Further improvement is badly needed. Back-door financing should be eliminated. Money to reimburse the Commodity Credit Corporation should be authorized through appropriations before commitments are made.

Most of all, careful annual scrutiny by Congress is needed. Congress has consistently and properly rejected proposals for multiyear authorizations for the foreign aid program. The same policy should apply here.

This program has heaped aid on friend and foe alike. Under title III donations, in 1964, 112 different countries were benefited—even more than those benefited under the foreign aid program. (See pp. 19–22, committee report.) This included such countries as Laos (now under the thumb of the Communist-dominated coalition), Communist-leaning British Guiana, Communist Poland, Communist Yugoslavia, Communist-leaning Indonesia, and Ghana (where the U.S. flag was recently ripped from the American flagpole). Forty-nine of these countries have also benefited from the giveaway feature of title I “sales.” (See pp. 12–13, committee report.)

Title II of this program authorizes government-to-government donations to “friendly nations.” These are straight-out gifts, unencumbered and unconfused by the “soft currency” rigamarole. Under section 107 of Public Law 480, “friendly nation” means “any country other than (1) the U.S.S.R., or (2) any nation or area dominated or controlled by the foreign government or foreign organization controlling the world Communist movement.”

Table 4 on page 15 of the committee report lists nations which have received donations under this title. The list includes such “friendly” nations as Czechoslovakia, Soviet-occupied Germany, Hungary, and Yugoslavia.

Defining these nations as "friendly" required a nifty bit of mental dexterity, and unfortunately nothing in this bill will prevent a repetition of this dexterity in the future.

Careful scrutiny should also be given to the effect of Public Law 480 on our farm commodity programs. The argument is frequently advanced that Public Law 480 has enabled us to siphon off huge amounts of surplus grain which otherwise would be stored at high cost to the taxpayer.

This siphoning process has also served to put off the day of reckoning when Congress must finally act. If this giveaway program had not taken the pressure off, so to speak, Congress undoubtedly would have faced up to its responsibilities long ago in regard to sound domestic legislation.

PAUL FINDLEY.



Digest of CONGRESSIONAL PROCEEDINGS

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HIGHLIGHTS: Senate committee voted to report Public Law 480 bill. Senate committee reported bill to extend Armed Forces special milk program. Senate committee voted to report Schnittker nomination as member of CCC Board. Senate debated foreign-aid authorization bill. House failed to pass Public Law 480 bill under suspension of the rules. House passed farm labor contractor registration bill. House received conference report on meat-import bill. Rep. Dorn opposed land-water conservation fund bill. House conferees agreed to file report on wilderness bill. Rep. May described consumers interest in beef imports. Rep. Ayres criticized "political implications" of poverty bill.

SENATE

1. NOMINATION. The Agriculture and Forestry Committee voted to report (but did not actually report) the nomination of John A. Schnittker as a member of the CCC Board. p. D704
2. FOREIGN AID. Continued debate on H. R. 11380, the foreign-aid authorization bill. pp. 19187-97, 19203-212, 19227-33, 19239-40, 19246
3. VEHICLES. Passed without amendment H. R. 1341, to require passenger-carrying motor vehicles purchased for use by the Government to meet certain passenger safety standards. This bill will now be sent to the President. pp. 19220-1

4. ADMINISTRATIVE LAW. Concurred in the House amendment to S. 1664, to provide for continuous improvement of the administrative procedure of Federal agencies by creating an Administrative Conference of the U. S. This bill will now be sent to the President. p. 19221
5. LABOR AND HEALTH, EDUCATION, AND WELFARE APPROPRIATION BILL, 1965. The Appropriations Committee reported with amendments this bill, H. R. 10809 (S. Rept. 1460). p. 19170
6. RECREATION. The Interior and Insular Affairs Committee reported without amendment H. R. 8135, to provide for establishment and administration of public recreational facilities at the Sanford Reservoir area, Canadian River project, Tex. (S. Rept. 1461). p. 19169
7. MINERAL LEASES. The Interior and Insular Affairs Committee reported without amendment S. 2500, to promote the development of phosphate on public lands (S. Rept. 1459). p. 19170
8. THE AGRICULTURE AND FORESTRY COMMITTEE reported without amendment the following bills: H. R. 7588, to provide for enforcement of rules and regulations for the protection, development, and administration of the national forests and national grasslands (S. Rept. 1447); H. R. 10069, to authorize the exchange of lands adjacent to the Lassen National Forest, Calif. (S. Rept. 1448); S. 2634, to permit purchase of processed food grain products in addition to purchase of flour and cornmeal and donating the same for certain domestic and foreign purposes (S. Rept. 1446); H. R. 9747, to extend the special milk programs for the Armed Forces and veterans hospitals (S. Rept. 1454); H. R. 10419, to amend further the Farm Credit Act of 1933 to provide that part of the patronage refunds paid by a bank for cooperatives shall be in money instead of class C stock after the bank becomes subject to Federal income tax (S. Rept. 1453); and H. R. 4242, to provide for the release and transfer of all right, title, and interest of the U. S. in and to certain tracts of land in Pender County, N. C. (S. Rept. 1452). p. 19170

The following bills were reported with amendment: H. R. 6601, to authorize the Secretary of Agriculture to sell certain land in Grand Junction, Colo. (S. Rept. 1449); S. 1253, to amend section 8(b) of the Soil Conservation and Domestic Allotment Act regarding election and terms of ASC committeemen (S. Rept. 1451); H. R. 1642, to provide for the sale of the U. S. Animal Quarantine Station, Clifton, N. J., to the city of Clifton and to provide for establishment of a new station (S. Rept. 1450). p. 19170

Agriculture & Forestry Com. ordered reported (but did not actually report) S. 2687, to extend for 2 years Public Law 480, and approved 17 watershed projects. p. D704

9. THE INTERIOR AND INSULAR AFFAIRS COMMITTEE voted to report (but did not actually report) the following bills: S. 2327, increasing the limit on acreage of coal leases that may be held by any person, association, or corporation in a State (amended); S. 883, to amend the Mineral Leasing Act to authorize geothermal steam leases (amended); S. J. Res. 6, to cancel unpaid reimbursable construction costs of the Wind River irrigation project, Wyo., chargeable against certain non-Indian lands; S. 3053, to increase authorizations for construction of the Riverton Federal reclamation project; S. 770, providing for construction and operation of the Savery-Pot Hook Federal reclamation project, Colo. and Wyo. (amended); H. R. 130, providing for payment of compensation, including severance damages, for rights-of-way acquired by the U. S. in connection with reclamation projects begun after January 1, 1961. p. D705

The "Daily Digest" states that the Committee also reconsidered its action of July 31, when it voted to report H. R. 5498, authorizing sale of public land not needed for Federal program requirements, agreed to amend the bill, and again voted to report (but did not actually report) the bill. p. D705

House

10. LEGISLATIVE PROGRAM. Sen. Mansfield announced that the Senate would consider today, Tues., the food-for-peace bill, and that later in the week the Senate would take up the Appalachia bill and the conference reports on the bills regarding wilderness, housing, and education, the land-and-water conservation fund, and appropriations for agriculture and military construction. p. 19239

HOUSE

11. PERSONNEL. Passed over without prejudice H. R. 3800, to authorize the waiver of collection of certain erroneous payments made by the Federal Government to certain civilian and military personnel. pp. 19252-3
12. FORESTRY. Passed without amendment, S. 51, to authorize the Secretary of Agriculture to relinquish to Wyo. jurisdiction over those lands within the Medicine Bow National Forest known as the Pole Mountain District. This bill will now be sent to the President. p. 19253
13. MINERALS. Passed over without prejudice H. R. 8960, to amend the Mineral Leasing Act of Feb. 20, 1920, to promote the development of coal on the public domain. pp. 19254-5
14. FEED RELIEF. Passed with amendment S. 400, to establish penalties for misuse of feed made available for relieving distress or preservation and maintenance of foundation herds. A similar bill, H. R. 12118, previously passed without amendment, was tabled. pp. 19255-6
15. ALASKA. Passed over without prejudice, S. 49, to provide for the establishment of the Alaska Centennial Commission. p. 19256
16. EXPOSITIONS. Passed with amendment S. J. Res. 162, authorizing the President to call upon the States and foreign countries in the International Exposition for southern Calif. H. J. Res. 952, a similar bill previously passed without amendment was tabled. pp. 19258-9
17. ASC COMMITTEEMEN. Passed with amendments H. R. 9178, to limit terms and provide for staggered terms of ASC committeemen. pp. 19252-6
18. FOOD GRAINS. Passed without amendment H. R. 11846, to permit purchase of processed food grain products in addition to purchase of flour and cornmeal and donating the same for certain domestic and foreign purposes. p. 19262
19. STOCKPILE. Passed without amendment H. R. 12091, to authorize the disposal, without regard to the prescribed 6-month waiting period, of approximately 9,500,000 pounds of sisal from the national stockpile. p. 19262
20. COMMUNITY DEVELOPMENT. Passed over without prejudice H. R. 5406, to authorize this Department to cooperate with States and other public agencies in planning for changes in the use of agricultural land in rapidly expanding urban areas and in other nonagricultural use areas. p. 19268
21. FARM LOANS; NATIONAL PARKS. Passed over without prejudice, H. R. 8290, to authorize addition of certain FHA-foreclosed lands to the Everglades National Park, Fla. pp. 19269-70
22. FARM LABOR. Passed with amendment S. 524, to provide for the registration of contractors of migrant agricultural workers. A similar bill, H. R. 6242, previously passed under suspension of the rules, was tabled. pp. 19273-7
Rep. Martin inserted and commended an article, "Bracero Loss Perils State's Billion-Dollar Farm Industry; Nearly All California Could Be Severely Affected Next Year." pp. 19334-5

23. CONTINUING APPROPRIATIONS. Consented that it be in order to consider on Tues. a resolution making continuing appropriations for the month of Sept. p. 19293
24. STATE, JUSTICE, COMMERCE AND JUDICIARY APPROPRIATION BILL, 1965. Both Houses received and agreed to the conference report on this bill, H. R. 11134 (H.Rept. 1817). The House acted on one item in disagreement. This bill will now be sent to the President. pp. 19250-1, 19212-18, 19349
25. MEAT IMPORTS. Received the conference report on H. R. 1839, the meat imports bill (H. Rept. 1824). pp. 19293-5, 19349
26. TARIFFS. Passed under suspension of the rules H. R. 12253, to correct certain errors in the tariff schedules of the U. S. pp. 19295-304
27. WILDLIFE. Received the conference report on S. 793, to provide a permanent basis for the management of the four wildlife refuges in the Klamath Basin, Calif. and Ore. (H. Rept. 1820). pp. 19306, 19349
28. ELECTRIFICATION. Received the conference report on S. 1007, to guarantee electric consumers in the Pacific Northwest first call on electric energy generated at Federal hydroelectric plants in that region and to guarantee electric consumers in other regions reciprocal priority (H.Rept. 1822). pp. 19307-9, 19349
29. RECLAMATION. Passed with amendment S. 1123, to provide for the construction of the Lower Teton division of the Teton Basin Federal reclamation project, Ida. H. R. 2337, a similar bill, previously passed under suspension of the rules, was tabled. pp. 19309-12
Passed with amendment S. 26, to authorize the Secretary of the Interior to construct, operate and maintain the Dixie project, Utah. H. R. 3279, a similar bill, previously passed under suspension of the rules, was tabled. pp. 19312-5
Passed under suspension of the rules S. J. Res. 49, authorizing the Secretary of the Interior to carry out a continuing program to reduce nonbeneficial consumptive use of water in the Pecos River Basin, N. M. and Tex. pp. 19326-30
30. LOANS. Passed under suspension of the rules H. R. 7073, to amend the Consolidated Farmers Home Administration Act so as to increase the limitation on the amount of loans which may be insured under Sec. 308. pp. 19315-6
31. PUBLIC LAW 480. Rejected, 82 to 71, a motion to suspend the rules and pass H. R. 12298, to extend the Agricultural Trade Development and Assistance Act. pp. 19317-26
32. RECREATION. Rep. Dorn expressed his opposition to that section of the land and water conservation fund bill which would permit the Federal Government to charge a fee for boating, fishing, picnicing in recreation areas. p. 19338
The Interior and Insular Affairs Committee reported with amendment H. R. 6925, to provide for the establishment of the Canyonlands National Park, Utah (H. Rept. 1823). p. 19349
33. LANDS. The Interior and Insular Affairs Committee reported with amendment H. R. 8526, to amend the Act of Dec. 22, 1928, relating to the issuance of patents for lands held under color of title, to liberalize the requirements for the conveyance of the mineral estate (H. Rept. 1819). p. 19349
34. WILDERNESS. The "Daily Digest" states that the conferees agreed to file a report on S. 4, to establish a National Wilderness Preservation System. p. D708

Mr. POAGE. This report was written, of course, before the passage of that bill, before it was amended, of course, taking out those grants.

Mr. WAGGONER. I thank the gentleman.

The SPEAKER pro tempore (Mr. MILLS). The question is on the motion, Will the House suspend the rules and pass the bill H.R. 7073?

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

EXTENSION AND AMENDMENT OF PUBLIC LAW 480

Mr. COOLEY. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 12298) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes, as amended.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Agricultural Trade Development and Assistance Act of 1954, as amended, is further amended as follows:

(1) Effective January 1, 1965, section 103(b) of such Act is amended by striking out "1962" and substituting in lieu thereof "1965", by striking out "1964" and substituting in lieu thereof "1967", by striking out "\$4,500,000,000" and substituting in lieu thereof "\$4,000,000,000", and by inserting prior to the colon the following: "plus any amount by which agreements entered into in prior years have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such prior years by this Act as in effect during such years".

(2) Section 104 of such Act is amended by inserting in subsection (c) after the words "common defense" the words "including internal security".

(3) Section 104 of such Act is amended by striking from subsection (e) the words "not more than 25 per centum of the currencies received pursuant to each such agreement shall be available" and substituting "currencies shall also be available to the maximum usable extent".

(4) Section 104 of such Act is amended by adding the following new subsection:

"(u) To use foreign currencies which are in excess of the normal requirements of the United States as determined by the Secretary of the Treasury, to promote the development of the resources of less developed friendly foreign countries in a manner which will secure to the United States the maximum benefit from currencies accruing under this title: *Provided, however,* That no such use shall be made of such currencies which would have the effect of reducing the dollar reimbursement to the Commodity Credit Corporation for foreign currencies. There is

hereby established an advisory committee composed of the Secretary of Agriculture, the Director of the Bureau of the Budget, the Administrator of the Agency for International Development, the chairman and the ranking minority member of the House Committee on Agriculture, and the chairman and the ranking minority member of the Senate Committee on Agriculture and Forestry. The function of such Committee shall be to review from time to time the status of foreign currencies which accrue under this title and to make recommendations to the President with regard to (1) the use of excess currencies under the authority conferred upon him by this subsection and (2) grants under subsection (e) hereof."

(5) The first proviso at the end of section 104 of such Act is amended by striking out "to not less than 10 per centum of the foreign currencies which accrue under this title:" and substituting "effective with respect to agreements entered into beginning January 1, 1965, to not less than 20 per centum in the aggregate of the foreign currencies which accrue under such agreements:".

(6) Section 108 of such Act is amended by striking out the words "six months" and inserting in lieu thereof the word "year".

(7) Sections 109 and 204 of such Act are amended by striking out "1964" and substituting in lieu thereof "1967".

(8) Section 203 of such Act is amended by striking out "1961" and substituting "1965"; by striking out "1964" and substituting "1967"; by striking out "\$300,000,000", and substituting "\$450,000,000"; and by inserting after "charges for general average contributions arising out of the ocean transport of commodities transferred pursuant hereto" the following: "or donated under said section 416, section 308 of this Act or section 9 of the Act of September 6, 1958."

(9) Section 203 of the Act is amended by inserting after the third sentence of said section the following new sentence: "In addition to other funds available for such purposes under any other Act, funds made available under this title may be used to purchase foreign currencies accruing under title I in order to meet costs (except the personnel and administrative costs of co-operating sponsors, distributing agencies, and recipient agencies, and the costs of construction or maintenance of any church owned or operated edifice and edifices to be used for sectarian purposes) designed to assure that commodities made available under this title or under title III are used to carry out more effectively the purposes for which such commodities are made available or to promote community and other self-help activities designed to alleviate the causes of the need for such assistance: *Provided, however,* That such funds shall be used only to supplement and not substitute for, funds normally available for such purposes from other non-United States Government sources." and by inserting after the word "costs" in the last sentence the words "or for the purchase of foreign currencies".

(10) Section 101 of such Act is amended by striking out in subsection (f) the words "from the government or agencies thereof" and further by striking the period at the end of subsection (f) and adding the fol-

lowing: "and which are not less favorable than the highest of exchange rates obtainable by any other nation."

SEC. 2. Subsection (b) of section 612 of the Foreign Assistance Act of 1961, as amended, is amended (1) by redesignating it as subsection (t) of section 104 of the Agricultural Trade Development and Assistance Act of 1954, as amended.

(2) By striking "this Act" and substituting "the Foreign Assistance Act of 1961, as amended."

(3) By changing the period at the end of the subsection to a comma and adding "except that in the case of any such foreign currencies acquired through operations under title I of the Agricultural Trade Development and assistance Act of 1954, as amended, the United States dollars received from the sale of such foreign currencies shall be deposited to the account of the Commodity Credit Corporation and shall be treated as a reimbursement to Commodity Credit Corporation under section 105 of this Act."

SEC. 3. Section 416 of the Agricultural Act of 1949, as amended, is amended by adding the following at the end of such section: "The assistance to needy persons provided in (4) above shall, insofar as practicable, be directed toward community and other self-help activities designed to alleviate the causes of the need for such assistance."

The SPEAKER pro tempore. Is a second demanded?

Mr. BOW. Mr. Speaker, I demand a second.

Mr. DAGUE. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. The gentleman from Pennsylvania, a member of the committee, demands a second.

Mr. BOW. A point of order, Mr. Speaker; I am opposed to the bill and I understand the gentleman from Pennsylvania is not opposed to the bill.

The SPEAKER pro tempore. Is the gentleman from Pennsylvania opposed to the bill?

Mr. DAGUE. Mr. Speaker, I am not opposed to the bill.

The SPEAKER pro tempore. The gentleman from Ohio [Mr. Bow], demands a second. Without objection, a second will be considered as ordered.

There was no objection.

CALL OF THE HOUSE

Mr. GROSS. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER pro tempore. The Chair will count. [After counting.] One hundred and one Members are present, not a quorum.

Mr. McFALL. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 234]

Abbt	Gurney	Nedzi
Adair	Hanna	Osmers
Andrews, Ala.	Harsha	Pepper
Ashley	Harvey, Mich.	Plicher
Auchincloss	Healey	Pirnie
Avery	Hoeven	Pucinski
Baring	Hoffman	Rains
Blatnik	Horton	Randall
Bolling	Jones, Ala.	Roybal
Bolton,	Jones, Mo.	Ryan, Mich.
Frances P.	Kee	St. George
Bromwell	Kluczyński	St. Germain
Brown, Calif.	Kyl	Sheppard
Buckley	Landrum	Shipley
Cameron	Lankford	Smith, Calif.
Daddario	Lesinski	Staebler
Davis, Tenn.	Lindsay	Steed
Diggs	McClory	Taft
Dingell	McMillan	Thompson, La.
Elliott	MacGregor	Toll
Ellsworth	Martin, Mass.	Tollefson
Forrester	Miller, Calif.	Vinson
Fraser	Miller, N.Y.	Walsh
Gill	Montoya	Walsh
Grabowski	Moss	Whalley

The SPEAKER pro tempore (Mr. MILLS). On this rollcall 360 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

EXTENSION AND AMENDMENT OF PUBLIC LAW 480

Mr. COOLEY. Mr. Speaker, I yield 5 minutes to the gentleman from Texas [Mr. POAGE], the chairman of the subcommittee who handled this bill and conducted the hearings.

Mr. POAGE. Mr. Speaker, this bill provides for an extension of Public Law 480 for 3 years.

We believe that Public Law 480 has been one of the most successful programs of its kind ever promulgated by the Congress. It has moved vast quantities of agricultural products into the world markets. It has rendered a great service to American agriculture. It has rendered a comparable service to the cause of peace throughout the world, in that it has served as a very important part of our foreign aid program. We believe that in many respects it provides the best kind of foreign aid, although it is, and we believe it must remain, basically an agricultural program.

This bill would extend Public Law 480 for a period of 3 years. It would make relatively minor changes in the law as it exists, but changes which I believe and most of us believe should be made.

It will increase from 10 to 20 percent the proportion of foreign currencies which are received from the sale of agricultural commodities which must be devoted exclusively to U.S. uses and therefore made subject to the appropriating process.

Let me make that point plain, because I recognize there will be efforts to confuse the House as to the effect of this

bill on the appropriating process. Under the law as it now stands, 10 percent of the funds carried in any agreement with a foreign country must be made available for American uses. Those American uses are subject to appropriation by the Appropriations Committee. Under this bill as we have written it, 20 percent must be made available in that way. In other words, we have doubled the percentage of these funds which must be made available to the appropriating process.

We have also changed the provision which now provides that not more than 25 percent of these foreign currencies shall be made available for Cooley type loans; that is, loans to American industry. We have provided that all that can be effectively used for that purpose shall be made available for loans to American corporations doing business in these foreign countries.

We have provided a change in the value which foreign countries may place on their currencies, so that the sales which are made to foreign countries must be made at the most favorable legal rate of exchange and in no event at a rate less than the most favorable rate available to any other country.

Now, frankly, my friends, that one point has been a hole as large as a barn door, because unless we can say we are getting as favorable a rate as any other country, you can understand that no matter what our price on our commodity is, if we do not get the most favorable exchange rate, we are not getting a fair shake.

We believe that these provisions in this bill are bound to give us a better and a stronger program than we have ever had. We have in the bill a number of relatively minor changes, such as authorizing the use of certain of the title II and III currencies, to purchase foreign currencies from title I to use to buy tools and equipment to be able to carry out these relief programs carried out under titles II and III. We provide in title I, which is the major portion of this bill, that it shall be extended for 3 years and that there shall be \$4 billion available, which is a decrease of \$500 million.

The SPEAKER. The time of the gentleman has again expired.

Mr. BOW. Mr. Speaker, I yield myself 5 minutes.

(Mr. BOW asked and was given permission to revise and extend his remarks.)

Mr. BOW. Mr. Speaker, I yield to the gentleman from Pennsylvania [Mr. DAGUE].

GENERAL LEAVE TO EXTEND

Mr. DAGUE. Mr. Speaker, I ask unanimous consent that all Members may be

privileged to extend their remarks at this point in the Record on this bill.

The SPEAKER pro tempore (Mr. MILLS). Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. HOEVEN. Mr. Speaker, I support the extension of Public Law 480 as I have supported this program since its inception in the 83d Congress. I have some reservations, however, about certain provisions in the bill but on the whole, the committee has produced a piece of legislation which is necessary to the continued welfare of American agriculture. I share apprehensions with others that Public Law 480 is becoming more and more an instrument of foreign aid, but the Committee on Agriculture has made a number of changes and recommendations of the executive branch to restrict this part of the program.

Public Law 480 is today more popularly known as the food-for-peace program. It was instituted as the food-for-peace program in the Eisenhower administration in 1959. This was proved when on February 9, 1960, President Eisenhower in his message to the Congress, as set forth in House Document 330, 86th Congress, 2d session, said:

The food-for-peace program, initiated pursuant to my recommendations of last year, has been vigorously advanced. On my recent trip abroad, I saw many constructive results from these efforts and the need and opportunity for even greater use of this humanitarian program. Clearly we should continue to do our utmost to use our abundance constructively in the worldwide battle against hunger. The law we enacted in 1954, known as Public Law 480 of the 83d Congress, has been especially helpful to us in waging this battle.

There are many provisions in this legislation which I vigorously support. These include the following:

First. The provision to allow foreign currencies to be used for internal security operations of friendly foreign countries. This amendment will be particularly helpful in the execution of our foreign policy in South Vietnam. As we all know, the Vietcong Communists now terrorize and murder all those who oppose them. This amendment will make funds available to more effectively and efficiently protect the population of South Vietnam through the strategic hamlet program.

Second. The provision which removes the limitation on loans to American businessmen overseas. This program, popularly known as the Cooley loan program, has been both popular and successful. The present 25-percent limitation has been removed by the committee in

an effort to stimulate further use of foreign currencies for this purpose.

Third. A provision to encourage maximum use of title I currencies for U.S. uses. At present the law requires that at least 10 percent of the foreign currencies generated under title I be earmarked for U.S. uses. The committee has amended this provision of law to require that no less than 20 percent of these currencies be subject to U.S. uses.

Fourth. A provision to encourage maximum exchange rates. In title I foreign currency sales, the exchange rate at which foreign countries agreed to purchase our farm commodities is often unrealistic. The committee amended provisions to get the best possible bargain for the United States on these exchange rates in future negotiations.

There are, of course, a number of other important provisions in this bill which extend titles I and II of Public Law 480 for 3 more years. These are set forth in the committee report and will be debated today.

Mr. DAGUE. Mr. Speaker, while I have some reservations about H.R. 12298, I feel that this legislation is, on the whole, both needed and justified. As a member of the Foreign Agricultural Operations Subcommittee I had the opportunity to consider at length the administration's proposals and recommendations together with the suggested amendments of other groups and individuals.

The administration sought a 5-year extension of both titles I and II, but the subcommittee and the full committee both agreed that a 3-year extension was an ample period of time for this very large program to operate without a full congressional review.

The administration also sought in various ways to make Public Law 480 primarily a foreign aid program. For example, it was proposed that the Commodity Credit Corporation be empowered to go into the market and buy farm commodities which were not in surplus, simply to meet an earlier promise made by the executive branch for the donation of these commodities. This provision would have changed the basic structure of Public Law 480 very drastically and would have no longer retained the basic concept that the food-for-peace program is one which shares our abundance and not one which stimulates surplus just for the sake of giving it away.

The bill before you today makes a number of important changes in the law in addition to extending both title I and title II for 3 years.

While the language of the bill shows the expenditure of \$4 billion for title I programs for the next 3 years, the actual amount will be closer to \$5.5 billion when unused previous obligations and CCC repayments are taken into account.

Title II expenditures will be in the neighborhood of \$1.5 billion during the next 3 years, again taking into account unused authorizations.

The bill also increases from 10 to 20 percent the proportion of foreign currencies which must be used exclusively for meeting U.S. Government needs in foreign countries. The bill establishes a seven-man advisory committee to consult with and make recommendations to the President concerning the use of foreign currencies in excess of anticipated needs. This committee will be made up of the Director of the Bureau of the Budget, the Secretary of Agriculture, the Administrator of AID, the chairman and ranking minority members of the House and Senate Agriculture Committees. These excessive currencies now approach \$1.2 billion and are set forth on page 32 of the committee report. In addition, the Advisory Committee will also consult the President on the use of foreign currencies in future agreements for economic development grants under section 104(e) of the act.

The bill authorizes the use of foreign currencies to supplement surplus food and self-help work projects, but the committee has limited the use of these funds to nonsectarian projects.

In addition, the bill allows foreign currencies to be used for increasing our effectiveness in the defense of the people of South Vietnam, it encourages further investment by U.S. private enterprise in foreign countries, it attempts to gain more favorable exchange rates for the United States in the negotiation of title I sales agreements, and it steps up the percentage of title I foreign currencies from 10 to 20 percent.

The bill also changes the reporting period from 6 months to an annual basis. It is certainly my hope that reports and statistics will be furnished to the committee and to the Congress more frequently than annually because this program is indeed a massive one entailing very substantial expenditures of the taxpayers' money.

All in all, the Committee on Agriculture has worked diligently and sincerely to bring to the House a bill which has the committee's overwhelming support.

Mr. BOW. Mr. Speaker, I can agree with a great deal that the gentleman from Texas [Mr. POAGE] has said. This

is a fine program. I think I introduced one of the original bills in the House which eventually became Public Law 480. I think it has done a great deal of good throughout the world, and I think it should be continued.

My objection goes to this bill and to some of the amendments that are in this bill. I think the gentleman from Texas [Mr. POAGE], must have had a twinge of conscience when he said he was convinced that somebody would try to mislead the House on the question of appropriations. I am not going to try to mislead this House. I am going to try to give the House the facts. We did not get the facts in the presentation that has been made here.

Let me read from page 33 of the committee report on the section by section explanation. Under title I, paragraph 1, reads in part as follows: It says that this bill, if passed, "authorizes agreements to be entered into during such 3-year period in an amount which does not call for appropriation to reimburse CCC in a total amount in excess of \$4 billion plus the carryover of unused authorization from prior years."

This is their own report. Without appropriations, \$4 billion.

Now, what are we doing here? This is a complete backdoor spending bill. It is unfortunate that we do not have several hours to debate this bill, for it is a good bill in certain areas and we should have an opportunity to present to the House the chance to amend it. We know now that we are going to be here for a while after next Friday. We are coming back. Let us get a rule. Let us bring this bill in and let the House work its will rather than say to us take this or have nothing at all in this field of foreign aid.

Now let me call your attention to one other matter. In the past, on the question of excess requirements of foreign currencies you ladies and gentlemen of the House have had the opportunity to pass upon them and how they shall be used.

What happens under this bill? Your rights that you have exercised in the past are now delegated to a new Commission, taken away from the House so that you cannot pass upon them, and turned over to a Commission to make this determination or recommendation to the President. And who is on that Commission? The Secretary of Agriculture, the Director of the Bureau of the Budget, the Administrator of the Agency for International Development, the chairman and ranking members of the House Committee on Agriculture and the chairman and ranking members of the Senate committee.

What you are asked to do in this bill—and this I object to—is to take away from you and delegate to this Commission your responsibility. I think this is wrong. I think this responsibility should stay with the House of Representatives, and we should not delegate to the Secretary of Agriculture and the Director of AID and to the others our responsibility.

Always remember when we talk about this \$4 billion-plus that is going to be taken without appropriation that under the Constitution of the United States no funds shall be taken from the Treasury except through appropriation by you, the Congress of the United States, originating here in the House. But we are asked under this bill to forego that. We are asked in this bill to delegate our authority, our responsibility, to a group in the executive branch, with some of the members of the Committees on Agriculture working with them.

Mr. Speaker, I urge the Members to vote against the suspension of the rules. There is pending in the Committee on Rules now an application for a rule on this bill. Let us get a rule on it. This is a great amount of funds that is involved. The responsibility is on us. Let us get it back here where we will be able to offer amendments to it, and if the will of the House is not to accept the amendments, well and good. But it seems to me that this is not the kind of a bill that should be in here under suspension of the rules.

Mr. ROONEY of New York. Mr. Speaker, will the distinguished gentleman from Ohio yield?

Mr. BOW. I yield to the distinguished gentleman from New York.

Mr. ROONEY of New York. Mr. Speaker, I have just this minute come to the floor from our committee room upstairs. May I ask the distinguished gentleman, is this the back-door spending bill that the gentleman from Ohio has discussed with me?

Mr. BOW. This is the bill that I discussed with the gentleman.

Mr. ROONEY of New York. Then I am vigorously opposed to it.

Mr. BOW. I thank the gentleman.

Mr. COOLEY. Mr. Speaker, I yield myself 2 minutes.

Mr. Speaker, I just want to observe that this bill was very carefully considered in the Committee on Agriculture. My recollection is that every member of that 35-man committee approved the draft you now have before you. Under this program, commonly known as Public Law 480, we have disposed of surplus agricultural commodities valued at more than \$11 billion, and I do not believe any program we have had has been as free

from criticism as this program under Public Law 480.

The gentleman who just addressed the House apparently is under some impression that we are doing something different now from what we have been doing over the years. This program has been in operation beginning in 1954. What we are actually doing is recognizing the fact that about twice as much authority should be given to your committee to appropriate, but here we are not appropriating American dollars. We are not appropriating any dollars in this bill and I am at a loss to understand why the gentleman is disturbed about it, because we are changing some parts of the program to make it more workable and more acceptable. Let me observe that if you damn this bill as back-door spending you might as well say that everything the CCC does is back-door spending.

Mr. BOW. Mr. Speaker, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman.

Mr. BOW. The gentleman says he does not know why I am disturbed. I am disturbed because of the fact that you are here setting up a new advisory commission on how these funds shall be used. I remind the gentleman that we used to hear these same arguments about these currencies in France and England and Belgium and other countries. We said they were surplus, we will never use them. They are gone.

They are gone. What we use these surplus currencies for is the operation of our embassies, the USIA, and the official business of Government abroad. These funds will be gone before long. When the gentleman says these are not American dollars, I say to the gentleman that they were bought with American dollars and they are just as important as American dollars.

Mr. COOLEY. The Committee on Appropriations of which the gentleman from Ohio is a member has the responsibility of appropriating dollars for the purpose of purchasing this currency. So you do have control over it.

You appropriated 17 percent of the program, and if we do what you suggest, you will take this great program which has been in operation under Public Law 480 and bring it down to 17 percent of its normal volume of operation.

The SPEAKER pro tempore (Mr. MILLS). The time of the gentleman from North Carolina has expired.

Mr. BOW. Mr. Speaker, I yield to the gentleman 1 additional minute.

Mr. COOLEY. I thank the gentleman.

Mr. BOW. Mr. Speaker, will the gentleman yield to me?

Mr. COOLEY. Certainly.

Mr. BOW. The gentleman says that we appropriate these dollars with which to purchase these currencies.

Does the gentleman mean that we appropriate the money with which to obtain the excess currencies?

Mr. COOLEY. That is right, to buy them.

Mr. BOW. Or do we appropriate certain funds with which to obtain foreign currencies in those countries where they are not in excess?

Mr. COOLEY. They are appropriated to be used to defray American mission expenses abroad.

Mr. BOW. But in the case of excess currency does the gentleman say we appropriate money with which to buy excess currencies?

Mr. COOLEY. We appropriate all of the dollars and we just provide for the use of these commodities. That is all we do.

Mr. ROONEY of New York. Mr. Speaker, will the distinguished gentleman from North Carolina yield to me?

Mr. COOLEY. I yield to the gentleman from New York.

Mr. ROONEY of New York. I should like to say that we had an example of foreign currency back-door spending today in connection with the appropriation bill on which we adopted the conference report at noon.

You will recall that the House was originally presented with a request to spend \$12 million to save the Nubian monuments in the River Nile. The House appropriated no money whatever for such purpose. The bill then went to the other body and it turned out that the other body, while also appropriating no funds for this project, and which will delight many dilettantes throughout the Nation, found that the State Department proposed that it would use Public Law 480 program money in connection with saving those monuments. That, I say, is back-door spending and I am unalterably opposed to such procedure.

The SPEAKER pro tempore. The time of the gentleman from North Carolina has again expired.

Mr. COOLEY. Mr. Speaker, I yield myself 1 additional minute.

Mr. Speaker, if the gentlemen are complaining about back-door spending, we hear that statement every time we come out here with an agricultural bill dealing with agricultural commodities.

Certainly, when you deplete the capital stock of the Commodity Credit Corporation, the House Committee on Agriculture does not bring in legislation au-

thorizing the building up of those capital values. It comes from the Committee on Appropriations.

Mr. Speaker, I want to go back and emphasize the fact that if the Members will check the record they will find that the Committee on Appropriations only appropriates 17 percent of the money used in the operation of the Public Law 480 program. If we leave the matter to the Committee on Appropriations they will just restrict this program to 15 or 20 percent. We want it to go on and operate in order to dispose of these surplus commodities and in that way save American dollars.

Mr. BOW. Mr. Speaker, will the gentleman yield?

Mr. COOLEY. Certainly, I yield to the gentleman from Ohio.

Mr. BOW. We do not restrict it. This House of Representatives, the body that is here now, are the ones who pass upon those appropriations. If there is any restricting done, it is done by this full House and the gentleman from North Carolina knows it.

Mr. COOLEY. You have the primary responsibility for initiating appropriations and bringing them before the House.

Mr. BOW. Mr. Speaker, I yield 4 minutes to the gentleman from Mississippi [Mr. WHITTEN].

(Mr. WHITTEN asked and was given permission to revise and extend his remarks.)

Mr. WHITTEN. Mr. Speaker, in this debate we have frequently heard the expression "dispose" of billions of dollars' worth of commodities.

Mr. Speaker, It has been my privilege to head the Subcommittee on Agricultural Appropriations for some several years. In the next few days we will be before the House requesting \$5.5 billion in cash and according to the Senate bill \$1,992,453,000 will be to restore the impairment for Public Law 480 sales.

Mr. Speaker, I do not like the relaxation that I see contained in this bill to extend Public Law 480 and I will tell the Members of the House why I do not like this change, though I agree we must extend the law.

Under section 3 we have heretofore had at least a limitation not to exceed 25 percent on how much could be used of these foreign currencies for such loans. I know they say this is only foreign currency, but in foreign countries you must have foreign currency. Here is what we are doing. We are making available these foreign currencies under section 3 to put American corporations and individuals in business in foreign countries.

They are in turn contributing to the production of agricultural commodities and either sending them back to the United States or taking U.S. markets. Then we are having to pick up the cost through the Commodity Credit Corporation takeover of U.S. production.

I have before me a report by the investigators of the Appropriations Committee. It is not as yet complete. As of now the information that we have is that we have had a total of imports of

\$17.32 billion in 1963, \$4.12 billion in agricultural commodities, including \$2.293 billion which competed with U.S. farm products.

We have made in grants of foreign currency to Argentina, for example, \$24 million for grain storage facilities. Beef and veal have produced sales in the United States 12 percent higher than in 1960.

In Brazil we have made available these foreign currencies of over \$34 million, and their imports of beef to the United States have increased 470 percent. That is the reason you have this problem of a conference on beef imports going on right now.

Our committee is trying to get the facts together showing that through the use of these foreign currencies we are putting American businessmen overseas who send the products back here or take our foreign markets, which will wreck the Commodity Credit Corporation, our section 32 funds, and in the long run American agricultural programs.

I urge you to send this bill back to the committee. Let it stand as it is until we have a chance to clean up the bad things that are done with these currencies now. We are putting ourselves out of business with the use of foreign currencies.

Mr. COOLEY. Mr. Speaker, will the gentleman yield?

Mr. WHITTEN. I yield to the gentleman from North Carolina.

Mr. COOLEY. Does the gentleman refer to the imports of beef?

Mr. WHITTEN. Yes; along with other commodities.

Mr. COOLEY. You do not have any foreign loans for that. How much beef do we import?

Mr. WHITTEN. It has increased 12 percent from Argentina in 1958 to 1962; in Brazil it has increased 470 percent. In Mexico we have had foreign aid assistance, \$47 million. Mexico is an important cotton producer.

In the next few days we will be asking you for \$5.5 billion to finance the U.S. Commodity Credit Corporation. May I say in all frankness, in my judgment these funds will last the rest of this fiscal year. I say that we need to send this bill back, and tighten it up, not loosen it up.

Mr. HORAN. Mr. Speaker, will the gentleman yield?

Mr. WHITTEN. I yield to the gentleman from Washington.

Mr. HORAN. I want to agree with my colleague from Mississippi, who is chairman of the subcommittee on which I have the honor of being the ranking minority member. We feel that this measure should come to the floor under a rule, to be discussed and amended, probably. We have complained about back-door spending. Why continue something that we found to be a fault, and which bypasses—I think this is important to every Member of the House—the Congress of the United States. I agree with the gentleman from Mississippi.

Mr. WHITTEN. I thank the gentleman. Our record shows in these foreign currencies generated here that AID has

and will pay up to 50 percent of the cost to explore certain things. They will make these loans and encourage American investors to go in business abroad.

This bill should come back in the regular order to be tightened up.

Mr. COOLEY. Mr. Speaker, will the gentleman yield?

Mr. WHITTEN. I yield to the gentleman from North Carolina.

Mr. COOLEY. I know the gentleman from Mississippi does not intend to mislead the House or try to mislead this House.

I think he should be aware of the fact that we have had no Public Law 480 sales to Australia or New Zealand, and that is where the beef is coming from. The gentleman mentioned South America and Africa. We cannot bring it in here from that area because of the hoof-and-mouth disease. So where is the beef coming in from?

Mr. WHITTEN. I did not refer to the two countries the gentleman did. I said Argentina, Brazil, and Mexico are the countries from which these imports come into our country.

Mr. COOLEY. Is any coming in from Argentina, on account of the hoof-and-mouth disease?

Mr. WHITTEN. There has been an increase in meat imports and in cotton, and foreign exports have also increased in competition with the United States. In Brazil you have had an increase of 470 percent in meat exports to the United States.

Mr. COOLEY. Of what?

Mr. WHITTEN. Of beef.

Mr. COOLEY. From Argentina?

Mr. WHITTEN. No, Brazil.

Mr. COOLEY. How are you going to bring it in from Brazil? There is hoof-and-mouth disease in the whole area.

Mr. WHITTEN. There is an increase in meat exports to the United States today of 470 percent.

Mr. COOLEY. What figure is the gentleman reading from?

Mr. WHITTEN. This is from the report from investigators of the Appropriations Committee, which is not complete at the present time.

May I read you just a little of what our Appropriations Committee investigators have already reported with regard to our "foreign competition" by American companies abroad, including American grants, loans and foreign currencies, as would be permitted by this bill.

U.S. INTERESTS IN FOREIGN AGRICULTURAL PRODUCTION A. ARGENTINA

The principal U.S. firms engaged in the livestock and meat industry in Argentina are International Packers Limited (IPL), Chicago, Ill., and the King Ranch of Kingsville, Tex. IPL subsidiaries in Argentina are Swift, Armour, La Blanca, and Provita; IPL also has an interest in 3 ranching operations containing approximately 766,000 acres and 108,000 cattle. IPL has received a \$5 million loan from the Export-Import Bank and has investment guaranties from AID of \$12,990,000 convertibility and \$12,300,000 for expropriation. King Ranch owns and operates 4 ranches totaling some 118,600 acres with about 30,000 cattle and 16,000 sheep.

B. AUSTRALIA

Cotton

The Wee Wa district of New South Wales is the site of a rapidly expanding irrigated cotton growing area which has been financed largely by American capital supplied by cotton interests in California and Arizona. A report by the Agricultural Attache in Australia states that the increased production of cotton in this area will undoubtedly have an adverse effect on U.S. exports of raw cotton to Australia, and could reduce such exports by 28,000 to 35,000 bales annually.

Red meats

U.S. interests in Australia are: Esperance Land and Development Co., Western Australia (owned by Chase International Investment Corp. of New York City, American Factors Associates, Ltd., of Honolulu, Hawaii, J. H. Whitney and Co. of New York City, and Elders-G.M. Co., Ltd.) has an option on 1,450,000 acres and currently has about 8,500 sheep and 1,000 cattle. Intercontinental Meat Traders, Inc., Limited, Brisbane, is a subsidiary of Intercontinental Meat Traders, Inc., Chicago, Ill. IPL affiliated companies in Australia are Swift Australian Co., Ltd., Brisbane; Mayfair Hams, Ltd., Sydney; and Armour & Co., Ltd., Sydney. International Portion Foods Ltd., Brisbane, is a branch of Henderson's Portion Pak, Inc., Coral Gables, Fla. King Ranch Australia, Ltd., associate of the King ranch in Texas, operates a number of large ranches over 1.7 million acres in Northern Territory, Queensland, and New South Wales. Mr. Art Linkletter owns 22,000 acres at Esperance on which he is raising sheep and cattle, and he recently purchased, in partnership with Mr. Allen T. Chase a 650,000-acre cattle station in Northern Territory. The Peterborough Meat Export Co., Ltd., Peterborough, South Australia, is operated by Mr. Joseph Popp, a U.S. citizen connected with two packing companies in Detroit, Mich. Swift Australian and King Ranch formed a company in 1962 which purchased for approximately \$4.5 million over 8,000 square miles of land in Queensland and northern territory. Wilson Meats Ltd., Brisbane, is a wholly owned subsidiary of Wilson and Co., Inc., Chicago.

C. COLOMBIA

Purina Limitada, Cartagena, Colombia, wholly owned subsidiary of Ralston Purina Co., St. Louis, Mo., received a "Cooley" loan of 800,000 Colombia pesos (approximately \$80,000) in 1959 from the Export-Import Bank for the purpose of financing facilities for the production of animal feeds.

D. HONDURAS

The major U.S. interest in the meat trade of Honduras is through International Foods Corp., S.A., a wholly owned subsidiary of Alberti Foods, Inc., Chicago, of which L. K. Alberti, Jr., a U.S. citizen, is president. Associated with Mr. Alberti in his Honduran interests is Adam Smith, also a U.S. citizen, who is president of Sanda Corp., Miami, Fla. International Foods owns ASTCO, a Honduran transport and warehousing company with a 700,000-pound capacity freezer in Puerto Cortes, and has financial interests in three Honduran packing plants which export boneless beef.

Ganadera Industrial Hondurena, S.A., Tegucigalpa, exports commercial grade boneless beef. Mr. William Montiel, a U.S. citizen, own 25 percent of the stock of the company. Mr. Montiel also has a financial interest in one of the packing plants in which International Foods has an interest, and in a slaughterhouse in Nicaragua. Ganadera Industrial and the other plant in which International Foods and Mr. Montiel have an interest have contracts to sell boneless beef

to Gurrentz International Corp., Miami, Fla., and Pittsburgh, Pa.

Matadero de Puerto Arturo is part of the livestock division of the Tela Railroad Co., a wholly owned subsidiary of United Fruit Co., Boston. The livestock division has about 21,000 cattle, and the slaughterhouse produces boneless beef for export and local sales.

Another boneless beef exporting company, Empacadora del Norte, S.A., Puerto Castilla, is not yet in operation. Its principal officers are Temis Ramirez de Arellano and Ruben Santiago, both United States (Puerto Rico) nationals.

E. MEXICO

Ralston Purina de Mexico, S.A. de C.V., a wholly owned subsidiary of Ralston Purina Co., St. Louis, received a "Cooley" loan of 10 million Mexican pesos (approximately \$800,000) in December 1958 from the Export-Import Bank for the purpose of financing facilities for the cultivation, manufacture, storage, and sale of animal feed and the construction of a sesame solvent plant. The Export-Import Bank had rejected the loan application in April 1950.

The American Embassy in Mexico had advised the Export-Import Bank that any development of the animal feed business in Mexico would compete with U.S. exports. However, imports of U.S. animal feed are bound to be replaced by domestic production in the future, and it would be desirable to aid American enterprise to expand production in Mexico rather than leave the field open for others.

USDA had advised the Export-Import Bank in April 1950 that the resulting increased production of feeds in Mexico would compete directly with mixed animal feeds then being exported from the United States to Mexico sufficiently to preclude approval of the application. In October 1958 USDA advised the Export-Import Bank that it had given further study to the competition involved and had concluded that it did not preclude favorable consideration of the application. USDA officials stated that they had concluded that feed grain exports from the United States could be expected to increase with expanded mixing facilities. Data furnished to the staff by USDA indicate that Mexican imports did not increase with expanded mixing facilities; average annual imports of corn for 1955-59 totaled 346,454 metric tons, whereas imports were 240,400 tons in 1958; 29,600 tons in 1959; 52,845 tons in 1960; and 42,551 tons in 1961.

Industrial Pecuaría, S.A., a Mexican firm owned 50 percent by Archer-Daniels-Midland Co., of Minneapolis, Minn., and 50 percent by Mexican investors, received a "Cooley" loan of 10 million Mexican pesos (approximately \$800,000) from the Export-Import Bank in February 1959 for the purpose of financing facilities for the production and storage of animal feeds. In April 1958 the Export-Import Bank had rejected the application; the American Embassy in Mexico had made a recommendation similar to that made in the Ralston Purina case, and USDA recommended against the loan. However, as in the Ralston Purina case, USDA reversed its prior recommendation in October 1958.

Textiles Morelos, S.A., owned not less than 50 percent by Burlington Industries, Inc., Greensboro, N.C., received a "Cooley" loan in February 1959 of 3,233,362 Mexican pesos (approximately \$258,000) to be used to acquire textile production facilities.

F. NEW ZEALAND

IPL has a wholly owned subsidiary, Swift New Zealand Co., Ltd., Wellington, which dates back to the early 1930's when first an export agency and then a slaughter plant were acquired. Swift slaughter presently accounts for between 7 and 8 percent of all New Zealand lamb and mutton slaughters

and approximately 8 percent of all cattle slaughter. Swift operates an experimental, demonstration-type farm on leased property and is attempting to lease additional acreage for stockholding purposes to stabilize slaughter operations.

G. PARAGUAY

The principal U.S. firm engaged in the livestock and meat industry in Paraguay is International Products Corp.; canned corned beef is its major meat export.

International Products Corp. received a loan not to exceed \$2.6 million in 1958 from the Development Loan Fund for modernization and expansion. In 1960 the company was in financial difficulties and AID postponed payments due under the development loan. The corporation also entered into a credit agreement with private investors in December 1961, and in January 1962 AID agreed to subordinate its loan to the loan of the private investors. In January 1962 AID entered into guarantee agreements under which the private investors were protected against the risks of convertibility, expropriation, and confiscation.

In March 1963 International Products Corp. made application for a "Cooley" loan for a sum equivalent to \$450,000 for improving its cattle and pasture operations; this application is now being considered by AID.

Pan Western Enterprises, Inc., with a U.S. address at New Orleans, La., purchased 246,670 acres of land on the Upper Paraguay River in January 1962, and began operating a large cattle ranch in 1963. Pan Western Enterprises applied in October 1962 for a "Cooley" loan for a sum equivalent to \$821,400 to help meet the costs of a beef cattle production operation in the Chaco of Paraguay. AID approved the application in March 1963 subject to approval by Paraguay and the U.S. country team there. The country team registered strong objections. The objections of the country team were overruled and the loan was approved in April 1963.

(6) MEXICO

Mexico, an important producer of good quality staple, produced 2,425,000 bales of cotton in 1962, 19 percent more than the annual average production for 1955-59. Preliminary indications were for a considerably smaller crop in 1963 of about 2 million bales. Approximately three-fourths of the total crop entered world trade; exports of 1,897,000 bales in 1962 were 21 percent higher than the annual average exports of 1955-59. Sales were large to France, West Germany, Italy, and especially to Japan which took, in 1962, 775,000 bales, or 25 percent of the cotton imported by that country, against only 29 percent of the total from the United States.

Mexico not only supplies a very substantial number of live cattle to the United States, but, additionally, produced in 1958-62 an annual average of 938 million pounds of beef and veal, 18 percent more than the average annual production of 1953-57. Preliminary data indicate a further increase in 1963 to a level 19 percent higher than the 1958-62 average. Pork production also increased by about 11 percent between the two 5-year periods and in 1963 was about 12 percent higher than average for the preceding 5 years. Mutton and lamb production in 1958-62 was 8 percent higher than in 1953-57. Beef and veal exports, largely to the United States, averaged 79 million pounds in 1958-62, 155 percent higher than in the preceding 5 years. Exports to the United States during the 5-year period 1958-62 averaged about 78 million pounds, up 370 percent as compared with the preceding 5 years. Preliminary data for 1963 indicate U.S. imports from that source of 103 million pounds, mostly of boneless beef, 33 percent more than average for the preceding 5 years.

[Amounts in thousands]

Type of aid and purpose:

AID dollar loans: supervised agricultural credit-----	\$20,000
AID dollar grants:	
Completed projects: National University School of Veterinary-----	144
Social Progress Trust Fund: National Financiera, S.A., for improved use of farmlands-----	4,000
Food for peace (foreign currency):	
Title I, sec. 104(e) "Cooley" loans:	
International Harvester Co. of Mexico, S.A., for farm implements and truck parts facilities-----	129
John Deere de Mexico, S.A., for agricultural tractors and implement facilities---	400
Ralston Purina de Mexico, S.A., for animal feed and sesame solvent plant-----	801
Industrial Pecuaría, S.A., for animal feeds production facilities-----	801
Title I, sec. 104(e) "grants":	
Modernization and construction of grain storage facilities-----	10,326
Project total-----	36,601
Undistributed activity costs--	269
Total-----	36,870

On June 30, 1962, a loan agreement was executed whereby AID agreed to loan \$20 million to Nacional Financiera, S.A., an autonomous financial institution of the Government of Mexico.

The loan provides for expanded short-, medium-, and long-term crop financing and farm improvement credit to small farmers, technical assistance, guidance, and control to insure that such credit results in needed improvements in agricultural resources and productivity, and such activities as may be required to provide the basis for granting of property titles to farmers prospectively eligible for such credit.

About \$2 million has been loaned from this fund, as of March 1964, to some 775 farmers with the average loan approximately \$3,000.

(7) PAKISTAN

Cotton production in Pakistan in 1962 of 1,690,000 bales was 23 percent above the annual average for 1955-59. Preliminary data for 1963 indicate a larger crop of 1,725,000 bales. Exports in 1962 were 683,000 bales, 47 percent higher than the average for 1955-59. Japan in that year purchased 254,000 bales from Pakistan.

[Amounts in thousands]

Type of aid and purpose:

AID dollar loans:	
Land reclamation-----	\$15,200
Indus water supply-----	70,000
Mechanical equipment organization-----	1,500
Operation and maintenance of Rechna Doab project-----	750
Salinity control and reclamation-----	10,000
Coastal embankment project---	6,500
Karnafuli multipurpose dam---	20,250
AID dollar grants:	
Completed projects:	
Locust control-----	59
Soil and water conservation---	625
Soil mechanics hydraulic laboratory-----	163
Bolan Dam-----	75
Nakhi Dhand reclamation---	820
Ground water explorations---	188
Taunsa barrage project-----	5,885
Water resources advisory---	134

[Amounts in thousands]

Type of aid and purpose—Con.

AID dollar grants—Con.	
Completed projects—Con.	
Animal husbandry-----	\$18
Plant protection-----	752
Fertilizer distribution-----	10,565
Agricultural workshop-----	1,026

EXCERPTS FROM INTERIM REPORT ON U.S. IMPORTS (MAY REPORT)

1. Total U.S. imports were \$17.032 billion in 1963. \$4.012 billion of agricultural commodities included \$2.293 billion which competed with U.S. farm crops.

2. Most recent tariff reductions for U.S. imports of meat, meat products, cattle, cotton, wheat, corn, barley, and oats were all made prior to 1955.

3. There are 11 AID programs for loans, grants and technical assistance to furnish agricultural assistance to foreign countries.

ARGENTINA

AID agricultural programs have totaled over \$24 million for grain storage facilities and livestock improvements. Beef and veal production has increased with sales to United States 12 percent higher in 1958-62 than 1954-57. Cotton and corn exports also have increased substantially.

BRAZIL

AID agricultural programs have totaled over \$34 million, including at least three projects to increase livestock production. Beef and veal production has increased with exports to United States up 470 percent in 1958-62 compared to 1954-57. Cotton exports have also increased sharply since 1960.

MEXICO

AID agricultural assistance has been about \$37 million. Mexico is important cotton producer with three-fourths of crop entering world trade. Also imports large number of live cattle and beef and beef products into United States.

PAKISTAN

AID agricultural assistance nearly \$279 million for irrigation, salinity control and land reclamation. Cotton exports in 1962 were 47 percent higher than 1955-59.

INVESTMENT SURVEYS

Since 1961 have spent \$848,000 for 17 Americans to go to Argentina, Brazil, Central America, Colombia, Ecuador, India, Pakistan, Turkey, North Borneo, Nigeria and Thailand. Fourteen additional applications under consideration which will cost \$196,300.

INVESTMENT GUARANTEES

Total of 778 political risk investment guarantees have been issued since 1948.

TECHNICAL ASSISTANCE

In 1963 there were 766 technicians employed overseas in food and agricultural fields. In 1963 about 400 foreigners received agricultural training in the United States under AID programs. In all, about 3,800 foreign nationals were trained in agriculture and home economics in 1963.

U.S. INTERESTS IN FOREIGN AGRICULTURE

PRODUCTION

Argentina

International Packers, Ltd. (IPL), Chicago, including subsidiaries: Swift, Armour, La Blanca, and Provita.

King Ranch, Kingsville, Tex.

Australia

Chase International Investment Corp., New York City.

American Factors Associates, Honolulu.

J. H. Whitney & Co., New York City.

Elders-G. M. Co., Ltd.

Intercontinental Meat Traders, Inc., Chicago.

International Packers, Ltd., Chicago.

King Ranch Australia, Ltd.

Art Linkletter and Allen T. Chase.

Colombia

Ralston Purina Co., St. Louis.

Honduras

Alberti Foods, Inc., Chicago.

Adam Smith, Miami.

William Montiel.

United Fruit Co., Boston.

Mexico

Ralston Purina, St. Louis.

Archer-Daniels-Midland Co., Minneapolis.

Burlington Industries, Inc., Greensboro, N.C.

New Zealand

International Packers, Ltd., Chicago.

Paraguay

Pan Western Enterprises, New Orleans.

And may I say, the present law permits the restriction of imports of beef into the United States. I quote from our committee report:

Accordingly, [Congress] enacted section 22 of the act of August 24, 1935. The pertinent provisions of this law are as follows:

"(a) Whenever the Secretary of Agriculture has reason to believe that any article or articles are being or are practically certain to be imported into the United States under such conditions and in such quantities as to render or tend to render ineffective, or materially interfere with, any program or operation undertaken under this title or the Soil Conservation and Domestic Allotment Act, as amended, or section 32, Public Law numbered 320, Seventy-fourth Congress, approved August 24, 1935, as amended, or any loan, purchase, or other program or operation undertaken by the Department of Agriculture, or any agency operating under its direction, with respect to any agricultural commodity or product thereof, or to reduce substantially the amount of any product processed in the United States from any agricultural commodity or product thereof with respect to which any such program or operation is being undertaken, he shall so advise the President, and, if the President agrees that there is reason for such belief, the President shall cause an immediate investigation to be made by the United States Tariff Commission, which shall give precedence to investigations under this section to determine such facts * * *.

"(b) If, on the basis of such investigation and report to him of findings and recommendations made in connection therewith, the President finds the existence of such facts, he shall by proclamation impose such fees not in excess of 50 per centum ad valorem or such quantitative limitations on any article or articles which may be entered, or withdrawn from warehouse for consumption, as he finds and declares shown by such investigation to be necessary in order that the entry of such article will not render or tend to render ineffective, or materially interfere with, any program or operation referred to in subsection (a) of this section, or reduce substantially the amount of any product processed in the United States from any such agricultural commodity or product thereof with respect to which any such program or operation is being undertaken: * * *.

"In any case where the Secretary of Agriculture determines and reports to the President with regard to any article or articles that a condition exists requiring emergency treatment, the President may take immediate action under this section without awaiting the recommendations of the Tariff Commission, such action to continue in effect pending the report and recommendations of the Tariff Commission and action thereon by the President.

"(c) The fees and limitations imposed by the President by proclamation under this section and any revocation, suspension, or modification thereof, shall become effective

on such data as shall be therein specified, and such fees shall be treated for administrative purposes and for the purposes of section 32 of Public Law numbered 330, Seventy-fourth Congress, approved August 24, 1935, as amended, as duties imposed by the Tariff Act of 1930, but such fees shall not be considered as duties for the purpose of granting any preferential concession under any international obligation of the United States."

Mr. HARVEY of Indiana. Mr. Speaker, I am rising to defend Public Law 480 on the floor of the House as one who not only assisted in bringing it into being but as one who has followed it sympathetically, yet critically, during the 10 years of its life. For every criticism that will be levelled at it here today, I could probably name you others of greater proportions; nor would those criticisms necessarily be confined to either the Eisenhower or Kennedy-Johnson administrations.

While the primary purpose of this act is to assist in the orderly disposal of our surplus food and fiber, my interest is also due to its goal of assisting in creating better markets abroad at the same time. As one who has given much thought and study to the problem of world hunger, I can state here that this program was never envisioned to be more than a stop-gap measure; and when viewed in this light it has been reasonably successful. The need of the rest of the world for more food is so great that if we were to donate all our agricultural production and were able to have it equitably distributed, we would not then solve the shortage problem. This does bring to our attention one facet of this food-distribution activity that is all too frequently overlooked—the problem of actually getting food to those who are hungry in an orderly fashion and in the best possible processed form; moreover, to accurately evaluate the needs in terms of dietary preferences.

It is a known fact that whole segments of our world population have literally starved to death rather than eat food that was not to their liking. We have come a long way since the first law—Public Law 480—was enacted in 1954. Indeed we have had to learn the hard way, for there was little past experience to guide us except for such short termed ones that existed after World Wars I and II. Not only were we confronted with the problem of distribution, but we were also confronted with the problem of how much of each sale should be in the form of a grant, how much as long-term credit, and how much in actual dollar amounts. We were also attempting to meet the issue of moving these commodities into commerce without displacing or disrupting the normal channels of trade. Two other disposal plans entered into the picture as well. One was the donations to such organizations as CARE. While this outlet has not accounted—percentage-wise—for a large amount, it has had a large psychological impact upon people of other lands, especially those who are so needy. Another outlet that we envisioned as an excellent one is that of barter. This has been a somewhat controversial measure, and there is a division of opinion within our own committee as to the value of this plan. We have,

however, a substantial stockpile of strategic mineral materials of the type that would be invaluable in time of wartime crisis; the mere fact that we do have this supply may be another reason why we may not have to get involved in another world war.

The other objective of Public Law 480, namely, to use our surpluses as a tool for market development abroad, has succeeded far better than we had anticipated. Previously we had not given much attention or effort to expanding our export outlets for agricultural commodities. Our markets have expanded and will continue to do so at a very satisfactory rate, in my judgment. Time will not permit me to elaborate on this point as I would like to do. To me the greatest commercial benefit that has accrued has been the encouragement that our efforts have generated among private commodity groups; the soybean industry is an outstanding example.

H.R. 12269 provides for a 3-year extension of the act and will keep the cost of the program at no more than we have been expending in prior years. We think that we have tightened the regulations in some areas where the need was indicated. The fact that we have heard no charge of maladministration stems not only from the capable administration the program has enjoyed but also the close scrutiny the appropriate committees of the House and Senate have exercised. This extension provides for even closer inspection to make sure that the intent of the Congress is followed.

There has arisen one conflict of policy which we of the Agriculture Committee have with certain individuals within the State Department. We have believed that our aim should be to use the program of disposal only to the extent that actual surpluses "as determined by the Congress" accumulate beyond the normal requirements of the commercial channels of trade. Those who oppose this policy are of the belief that we should continue to generate surpluses purposely so that they may be used as an extra arm of the diplomatic corps—in other words, used as a weapon in the cold war. Now those of us who are most concerned with this program believe that if this is to be the policy of our Government, then we should include the cost of such a program in the foreign aid program and not load it into the backs of the farmers of our country.

There will be objections and criticisms directed at this program, and some of them will have a measure of justification; in fact, some of them are the ones that I have also voiced. Particularly have I objected to foreign aid in any form going to Communist-dominated countries. But this has been done and may be done again. The differences of opinion on this subject have not been primarily political; both parties have their advocates and dissenters. This, however, has not been a major item, and the recovery of funds now frozen in these countries is not feasible. I never agreed with the massiveness nor the terms of our wheat agreement with India either; nor has it succeeded as its proponents were convinced it would at the time of its

enactment. And so I could go down a whole list of complaints, but, even so, I must say that I am supporting it in spite of its faults not without carefully weighing them.

In conclusion, I should like to repeat that we should regard this legislation at best as a stopgap measure; through other efforts, such as our point 4—technical assistance—Fulbright scholarships, Peace Corps, participation in the Food and Agricultural Organization of the United Nations, not to mention the efforts of private foundations, such as Ford and Rockefeller, a massive educational program is underway in most of the underdeveloped and hungry nations. But the processes of education are time consuming, even though we agree that this represents the best solution of the hunger-health problems of great sections of world population. Again, I reiterate that this is good legislation and should be extended for the 3 years provided for in the bill.

Mr. BOW. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois [Mr. FINDLEY].

(Mr. FINDLEY asked and was given permission to revise and extend his remarks.)

Mr. FINDLEY. Mr. Speaker, as a member of the Committee on Agriculture I feel it is my responsibility to try to convey to this body some idea of the magnitude of this program.

We are asked here to provide for a 3-year program of financing by backdoor spending which would average \$2.3 billion a year.

You will recall that not long ago we considered a foreign aid bill which was pared down to \$3 billion a year. We have insisted upon annual scrutiny of foreign aid, and very properly so. Well here we have a program which rivals the foreign aid program both in size and in character.

Although the bill before us today provides for major and worthwhile improvements in the Public Law 480 program, it definitely needs still more improvement. This program departed far from its original concept of surplus disposal and market development. It has become a massive worldwide feeding program—and I mean exactly that. One hundred and twelve different countries are listed in the committee report as benefiting under donation aspects of this program.

Under the foreign aid authorization and appropriation this year, 100 countries were listed as benefited. This goes foreign aid 12 countries better.

The committee report itself boasts in the following words:

Under these programs, the products of American farmers have reached more than 100 million people and more than 100 nations.

Strong efforts were made to permit nonsurplus purchases, so as to broaden this program still more. The amendment was rejected in committee, but the other body has accepted an amendment which authorized \$50 million appropriations for purchases of beef, poultry, dairy, and other products.

To what extent should the U.S. taxpayers undertake this worldwide feeding responsibility? The question should be debated thoroughly and fairly. The opportunities for overseas feeding are endless. The population of India rises about 1 million each month, for example.

Is the "soft currency" procedure utilized in title I in the public interest? This question too needs thorough and fair debate. For example, a Pakistan banker blandly informed a USDA official the other day that the United States should be grateful that Pakistan has provided us with a way to dispose of some of our surplus wheat production. In his view, the soft currency procedure is an advantage to us. It illustrates the misconceptions which flow from these so-called sales. The misconceptions are just as abundant at home as abroad.

So we ought to realize the magnitude of this program, and I think in fairness to ourselves and to the taxpayers we should insist upon annual scrutiny of it.

We would be well advised to scrap title I entirely and provide only for hard currency sales or donations. If this were done, we would all have a clearer idea of what is going on.

Examination of the committee report will reveal the way in which the donations have been given indiscriminately to friend and foe alike.

Among those aided is Communist-leaning Laos, Communist-leaning British Guiana, Communist Poland, Communist Yugoslavia and Red-leaning Indonesia. And among the so-called friendly countries that have been benefited under title II government-to-government donations, believe it or not, are listed Soviet-occupied Germany, Czechoslovakia, Hungary, and Yugoslavia.

We should realize that this program has the effect of delaying realistic and sensible domestic farm programs. In a sense Public Law 480 has served as the burial ground for legislative mistakes. It has put off the day of decision.

It is high time we take a careful annual look at all this giveaway and bring it under control.

Mr. COOLEY. Mr. Speaker, I yield 1 minute to the gentleman from Maine [Mr. McINTIRE].

Mr. McINTIRE. Mr. Speaker, reference has been made to the loans for capital investment in some of these countries.

I would point out that it seemed to the committee that with the availability of these currencies and the interest of private investors in the United States to invest in these countries that this is a constructive way in which to use these currencies.

The original proposition in Public Law 480 was enacted in 1957 and some of the figures that have been given here are not related to the situations in which this provision has been applicable.

It was the thought of the committee in view of the broad legislation and the broad funding through the various vehicles that are going on in this day and age, these surpluses can be constructively used by private investors abroad. In relation to the charge that has been made that these industries that

are assisted abroad are pouring foreign agricultural products into this country, if that proves to be the case then it is in direct violation of the provision of the act which we deal with here in this instance.

Mr. COOLEY. Mr. Speaker, I yield 1 minute to the gentleman from Illinois [Mr. SPRINGER].

Mr. SPRINGER. Mr. Speaker, this law was enacted 10 years ago this month. The authors of the original bill were Congressmen Judd, Harrison, Poage, Burleson, and myself. Three of us still remain—Mr. Poage, Mr. Burleson, and myself—Congressmen Judd and Harrison are gone.

I have watched this program develop over the 10 years. I have been in nearly every country this side of the Iron Curtain where it is working. It is working well.

What the distinguished gentleman from Ohio brings up today is nothing new. He has been here every single time this program has been renewed, and not only he but other members of the Committee on Appropriations have been doing the same thing. This is not a new thing today. They have been fighting this bill for at least 6 of the 10 years, that I know of. This is not a new thing they bring to the floor of the House today. It is the same old thing they have brought up time and time again.

If this program is to function, it has to function in the way in which it is functioning at the present time. It cannot have exactly what the gentleman from Ohio desires at all if it is to be successful, or it will not be. They insist it will be.

I tell the Members that this program will not succeed if the entrapments are put on the bill that they seek to put on the bill.

Mr. BOW. Mr. Speaker, I yield myself 2 minutes.

I say to my distinguished and dear friend from the State of Illinois that his facts are entirely wrong in each instance.

I have supported this program. The fact of the matter is I believe I introduced a bill prior to that of the gentleman from Illinois to accomplish the same thing.

I support this bill and the purposes of the bill now before us, but I resent taking away from the House of Representatives its prerogatives and its responsibilities. That is what this bill would do, and it is not the same bill which has been before the House before, on which the House has voted before.

It seems to me, Mr. Speaker, since we know that this Congress will be in session and since the distinguished Committee on Agriculture has requested a rule, that there is no reason why we should not get a rule and bring the bill in for consideration. I wonder whether the entire House may not be confused about what really are the facts. We should have a full debate on a \$4 billion bill rather than an attempt to bring it in and to pass it in 40 minutes when some of the rules of the House are being violated.

I say to the gentleman from Illinois and also to the gentleman from North Carolina [Mr. COOLEY] and the gentleman from Texas [Mr. POAGE] that I sup-

port the principles of this bill and I will be here with them trying to support the principles of this bill, but I do not believe we should take away from the House its responsibilities.

Since we are going to be in session, let us get a rule. Let us bring this in, and open it up so that not only the Members of the House will know what is in this bill but also the people of the country themselves.

Mr. Speaker, I yield 3 minutes to the distinguished gentleman from Illinois [Mr. DERWINSKI].

Mr. DERWINSKI. Mr. Speaker, I should like to point out to the House that those of us who have objected to this bill are not objecting to the basic program. We are objecting to the procedure under which this bill has reached the floor.

If I correctly understood the statement of the gentleman from North Carolina, he pointed out that this was a form of foreign aid program. He pointed out that it has included \$11 billion over the past 10 years. If the Foreign Affairs Committee tried to bring the foreign aid bill to the floor of the House under a suspension of the rules, with 40 minutes of debate and without an opportunity for amendment, the House would explode.

Why is this procedure followed? Why can we not get a rule? Why not give us the opportunity to work on improving these programs?

I should like to point out that all we wish to do is to perfect this program and to bring it up to its potential.

I wish to direct specific attention of Members to page 32 of the committee report, to the excess currency as of June 30, 1964. It may be interesting to note that approximately half of the \$1,156 million is held by two Communist countries. This means there is in the hands of two Communist governments a veto power over what we claim to be technically our money.

We cannot spend a red cent in any of these Red countries without the specific approval of the Communist government. This is the type of thing I believe the House and the Congress in its entirety should give attention to. As I understand the schedule, we will be back for 2 weeks early in September. We certainly have enough time to debate this program and to help the gentleman from North Carolina [Mr. COOLEY] to improve on this program and to provide conditions whereby these funds will be better administered. Certainly we have time to adjust parts of the program that have been subject to criticism.

Mr. COOLEY. Mr. Speaker, will the gentleman yield?

Mr. DERWINSKI. Yes. I yield to the gentleman.

Mr. COOLEY. You want to give to the Committee on Appropriations the authority and responsibility of appropriating money, dollars, to finance all of the staples, every bushel of wheat and bale of cotton we have in storage. That is all we are asking for, to turn it over to them and let them run it. That is exactly what we want. We are dealing with commodities, and they are dealing with dollars. We have nothing to do with a

dollar appropriation except when it come to the House.

Mr. DERWINSKI. All I am asking is to give the House a chance to perfect the whole program.

Mr. COOLEY. We appreciate that, and we think 35 Members acting without regard to politics heard the matter and came out with a unanimous vote.

Mr. DERWINSKI. If the gentleman will permit me to make a comment, I directed to the committee what I thought was a constructive suggestion. One of the ranking members of the gentleman's committee pointed out to me in candor that he felt the program could be improved, but if we were to bring this bill to the floor, it might be opening up a Pandora's box and take control away from the State Department. When you consider the membership of the House, and it's interest in perfecting this program we will help the taxpayers and foreign policy by constructive adjustments.

The SPEAKER. The time of the gentleman has expired.

Mr. COOLEY. I yield 2 minutes to the gentleman from Florida [Mr. MATTHEWS].

Mr. MATTHEWS. Mr. Speaker, may I emphasize this bill comes to us today with just about as unanimous support as I think it is possible to obtain from a committee. Both sides of the aisle have worked diligently for weeks on this measure. This is not a fly-by-night proposition.

Mr. Speaker, the main thrust of the opposition, I believe, has been perhaps on the way that we envisioned the Committee on Appropriations spending some of the money that has been accumulating under title I. It is not intended to take away one iota of authority from the Committee on Appropriations. It is intended in the future, as in the past, that any money that has to do with U.S. missions abroad, or other activities that are a part of the Committee on Appropriations procedures, will still be within their authority. However, Mr. Speaker, we have over \$1 billion in soft currencies in just several nations throughout the world. It is the intention of this committee, by the appointment of the special advisory committee, to try to do something about this \$1 billion worth of currency that we are not using, that we cannot use, and that we have at the present time no foreseeable use for. I think it tidies up the appropriations process. It says that we do not want \$1 billion of soft currency lying around. We want to look into it with the help of the special advisory committee to see if there is not some way beyond the requirements of the Committee on Appropriations, and beyond these uses for which the money will be retained, whereby we can put this soft money into use and not have it lie around in various nations of the world.

Mr. Speaker, this is a good bill and it ought to be passed.

Mr. COOLEY. Mr. Speaker, I yield the remaining time to the gentleman from Texas [Mr. POAGE].

Mr. HARVEY of Indiana. Mr. Speaker, will the gentleman yield?

Mr. POAGE. I yield to the gentleman from Indiana [Mr. HARVEY].

(Mr. HARVEY of Indiana asked and was given permission to revise and extend his remarks made previously.)

Mr. COOLEY. Mr. Speaker, will the gentleman yield?

Mr. POAGE. Yes. I yield to the chairman.

Mr. COOLEY. As I understand the situation, we have no assurances at all that this House will reconvene after the convention. If we postpone this action now, we do not know when it will come out.

Mr. POAGE. I think we have this assurance: if we pass the bill now, we get a continuing surplus disposal program; that we get continuing foreign aid. If we do not act now, we either have to take a Senate bill or a continuing resolution. Every Member of the House recognizes that fact.

But some of us have become so obsessed with the idea of giving more authority to the Appropriations Committee that we are forgetting about Public Law 480 and its great services to this country. I believe that the Appropriations Committee has a good deal to do in this House. It has pretty nearly all that the Members can handle in the time that they have, and sometimes they do not get it done. They are away behind right now with most of their work. You heard the chairman of the Appropriations Committee just awhile ago ask for time to bring in some continuing resolutions for the month of September. In other words, they are so far behind right now that they have to talk about continuing resolutions next month, not this month, yet they want more authority.

What we are suggesting here is, let us pass this bill which has served the United States so well and forget about giving the Appropriations Committee additional authority.

I am sorry to have to say that when the chairman of the Agricultural Subcommittee of that Appropriations Committee stood right here he talked about how we were going to use this money, how we were buying beef from the Argentine and Brazil. Why, we have not bought a pound of fresh beef from any of those countries for 25 years, because of the foot-and-mouth disease and the chairman ought to know it.

As a matter of fact, what we have been doing is keeping that beef out. We have been getting beef from Australia and New Zealand, and we have not got a dollar's worth of counterpart in any of those countries. As a matter of fact, somebody does not know his lesson. And I believe the Appropriations Committee has given a pretty good illustration this afternoon that they are more interested in their power than they are in maintaining the welfare of the United States.

We brought you a bill here that is important to this country; we brought you a bill here that is important to agriculture; we brought you a bill here that is important to our foreign relations. And we believe that if we pass it now we will have the opportunity to continue a good program. Everybody who has spoken has said how good the program was, but they want to amend it this way and they want to amend it that way.

You saw the bills that came up from the Ways and Means Committee awhile ago. They were not subject to amendment. No, when they bring their bills in they are not subject to amendment because we all recognize that those things are of paramount importance to the Nation and that it is important to pass them and get them on the statute books. The bill is important and deserves the same treatment.

The SPEAKER. The time of the gentleman from Texas has expired. All time has expired.

The question is, Will the House suspend the rules and pass the bill, H.R. 12298, as amended?

The question was taken; and on a division (demanded by Mr. Bow) there were—ayes 82, noes 71.

So (two-thirds not having voted in favor thereof) the motion was rejected.

REDUCE USE OF WATER IN PECOS RIVER BASIN

Mr. ROGERS of Texas. Mr. Speaker, I move to suspend the rules and pass Senate Joint Resolution 49 authorizing the Secretary of the Interior to carry out a continuing program to reduce non-beneficial consumptive use of water in the Pecos River Basin, in all New Mexico and Texas, as amended.

The Clerk read as follows:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That in order to prevent further decreases in the supply of water in the Pecos River Basin, and in order to increase and protect such water supply for municipal, industrial, irrigation, and recreational uses, and for the conservation of fish and wildlife, and to provide protection for the farmlands in such basin from the hazards of floods, the Secretary of the Interior (hereinafter referred to as the "Secretary") is authorized and directed to take such measures as he deems necessary and appropriate to carry out a continuing program to reduce the nonbeneficial consumption of water in the basin, including that by salt cedar and other undesirable phreatophytes. Such program shall be carried out in the Pecos River Basin from its headwaters in New Mexico to the town of Girvin, Texas: Provided, however, That no money shall be appropriated for and no work commenced on the clearing of the floodway authorized by the Act of February 20, 1958 (72 Stat. 17), unless provision shall have been made to replace any Carlsbad Irrigation District terminal storage which might be lost by the clearing of said floodway.

Sec. 2. As a condition to undertaking the program authorized by the first section of this joint resolution, the Secretary shall require the States of New Mexico and Texas to give such assurances as he deems adequate that such States will acquire such lands, easements, rights-of-way, and other interests in lands as the Secretary considers necessary effectively to carry out such program.

Sec. 3. (a) As a further condition to undertaking the program authorized by this joint resolution, the Secretary may, with respect to those beneficiaries in New Mexico and Texas which the Secretary determines to be likely to benefit directly from the results of such program, require such commitments as he deems appropriate that such beneficiaries will repay the United States so much of the reimbursable costs incurred by it in carrying out such program as do not exceed the value of the benefits accruing to such beneficiaries

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE

Washington, D. C. 20250

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HIGHLIGHTS: Both Houses passed resolution for continuing appropriations. Both Houses agreed to conference report on meat-import bill. House received conference report on housing bill. Sen. Humphrey discussed farm program. Sen. Hruska criticized grazing land subsidy provision in Appalachia bill. Senate committee reported bill to extend Public Law 480. Senate passed bill to extend Armed Forces special milk program.

SENATE

1. FOREIGN AID. Continued debate on H. R. 11380, the foreign-aid authorization bill. pp. 19361-75, 19381-3, 19386-9
2. FARM PROGRAM. Sen. Humphrey called for a reexamination of "our entire governmental control mechanism to see whether it is helping us to develop a rational agricultural policy," and urged the formation of a "bipartisan blue ribbon commission" to examine past agricultural policies and to develop policies for the future. pp. 19424-7

3. APPALACHIA. Sen. Hruska criticized the section of the Appalachia bill which would permit subsidy payments for the development or improvement of pasture to increase the production of beef cattle in Appalachia, and submitted an amendment intended to be proposed by him eliminating this section. p. 19435
4. HEALTH, EDUCATION, AND WELFARE APPROPRIATION BILL, 1965. Sen. Lausche submitted an amendment; intended to be proposed by him, to eliminate the \$1.5 million item for preliminary work on an Environmental Health Center in D. C. p. 19383
5. COFFEE. Insisted upon its amendments to H. R. 8864, implementing the International Coffee Agreement of 1962, and agreed to a further conference. Conferees were appointed. p. 19414
6. PUBLIC LAW 480. The Agriculture and Forestry Committee reported with amendment S. 2687, to extend Public Law 480 (S. Rept. 1467). p. 19352
7. MILK. Passed without amendment H. R. 9747, to extend for 3 years the special milk programs for the Armed Forces and veterans hospitals. This bill will now be sent to the President. p. 19419
8. FORESTS. Passed without amendment H. R. 7588, to provide for enforcement of rules and regulations for the protection, development, and administration of the national forests and national grasslands. This bill will now be sent to the President. p. 19408
9. LANDS. Passed without amendment H. R. 10069, to authorize the exchange of lands adjacent to the Lassen National Forest, Calif. This bill will now be sent to the President. pp. 19408-9
Passed as reported H. R. 6601, to authorize the Secretary of Agriculture to sell certain land in Grand Junction, Colo. p. 19409
Passed without amendment S. 2500, to amend section 27 of the Mineral Leasing Act to promote the development of phosphate on public domain. p. 19418
Passed without amendment H. R. 4242, to provide for the release and transfer of all right, title, and interest of the U. S. in and to certain tracts of land in Pender County, N. C. This bill will now be sent to the President. p. 19416
10. RESEARCH; QUARANTINE. Passed as reported H. R. 1642, to provide for the sale of the U. S. Animal Quarantine Station, Clifton, N. J., to the city of Clifton to provide for the establishment of a new station. p. 19409
11. COOPERATIVES. Passed without amendment H. R. 10419, to amend further the Farm Credit Act of 1933 to provide that part of the patronage refunds paid by a bank for cooperatives shall be in money instead of class C stock after the bank becomes subject to Federal income tax. This bill will now be sent to the President. p. 19416
12. FISHERIES. The Commerce Committee reported with amendments S. J. Res. 174, to authorize and direct the Bureau of Commercial Fisheries to conduct a survey of the marine and fresh-water commercial fishery resources of the U. S., its territories, and possessions (S. Rept. 1469). p. 19353
13. WEATHER BUREAU. The Commerce Committee reported without amendment S. 2315, to authorize the Weather Bureau to make appropriate reimbursement between the respective appropriations available to the Bureau (S. Rept. 1470). p. 19352

EXTENSION AND AMENDMENT OF PUBLIC LAW 480

AUGUST 18, 1964.—Ordered to be printed

Mr. ELLENDER, from the Committee on Agriculture and Forestry,
submitted the following

R E P O R T

[To accompany S. 2687]

The Committee on Agriculture and Forestry, to whom was referred the bill (S. 2687) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes, having considered the same, report thereon with a recommendation that it do pass with an amendment.

SHORT EXPLANATION

This bill would extend titles I and II of Public Law 480, 83d Congress, for 2 years, provide \$2.7 billion for title I and \$375 million for each year for title II, and provide better congressional control and greater benefits to the United States.

SYNOPSIS OF PROVISIONS

Section 1: Amends Public Law 480, 83d Congress to—

(1) Require United States to obtain highest legal rate of exchange on title I sales, not less favorable than that obtainable by any other country;

(2) Require title I foreign currencies to be convertible to dollars to the extent consistent with the purposes of the act;

(3) Prohibit Commodity Credit Corporation from financing ocean freight charges on title I shipments, except to the extent of the differential required as a result of cargo preference where the U.S.-flag vessel rate exceeds foreign vessel rates;

(4) Require expenditures under the act to be classified in the budget as expenditures for international affairs and finance;

(5) Limit title I agreements during 1965 through 1966 to \$2.7 billion, plus unused authorizations from prior years and limit agreements during any year to \$2.5 billion;

(6) Define "common defense" in section 104(c) as including internal security, so that title I currencies may be used to procure materials, facilities, and services for internal security;

(7) Eliminate the provision limiting loans to private business firms under section 104(e), the so-called Cooley amendment, to 25 percent of the foreign currencies received pursuant to each agreement;

(8) Subject all grants under section 104 of the act, and all uses of principal and interest paid on loans made under title I, to the appropriation process;

(9) Prohibit restrictions on U.S. use of foreign currencies reserved for U.S. use, require such currencies to be legal tender or convertible to legal tender to pay U.S. obligations to the host government, and require title I loans to bear interest at not less than the cost of funds to the United States;

(10) Provide for annual, instead of semiannual, reports by the President;

(11) Limit title II assistance during each of the years 1965 and 1966 to \$375 million (compared with \$300 million at present), plus the unused authorization for the preceding year, and extend to title III and related shipments the authority (now provided for title II shipments) to pay general average contributions from title II funds;

(12) Extend titles I and II 2 years through 1966.

(13) Make the cost of funds to the United States the minimum, instead of maximum, interest rate under title IV.

Section 2: Amends Public Law 480 to make sales to U.S. citizens one of the specified uses that may be provided for title I currencies, the proceeds of such sales to go to CCC instead of to miscellaneous receipts of the Treasury.

Section 3: Directs CCC to sell surplus extra-long-staple cotton at not more than the world price.

BACKGROUND

Public Law 480 has been of incalculable benefit to the many recipient countries of the free world as well as to the United States during the past 10 years. This legislation has opened effective outlets for America's abundance of food and fiber, thus helping to stabilize the U.S. agricultural economy during a difficult time of adjustment and transition. Over the same period, Public Law 480 has enabled the United States to combat famine, malnutrition, and hunger in less-developed countries, and to promote their economic growth—a growth, it is hoped, that eventually will mean enlarged commercial export markets for U.S. agriculture and industry.

Several different types of operations are carried on under the various titles of Public Law 480.

Title I, which accounts for over three-fifths of Public Law 480 exports, authorizes the sale of U.S. farm products to needy but dollar-short countries and the acceptance of foreign currencies—such as rupees, pesos, and cruzeiros—in payment instead of dollars. These foreign currencies are being used to speed up economic growth in less-developed countries, to finance U.S. expenses abroad, and to develop new markets for U.S. agricultural commodities. Title I commodities move through private trade channels, both in the United States and abroad.

Title II authorizes the use of American farm products—mainly on a government-to-government basis—for disaster relief operations abroad. U.S. commodities also are used under title II to promote economic development in newly emerging countries.

Title III authorizes two programs. One encompasses donations of food for use by eligible recipients in the United States and also for distribution to needy persons abroad through nonprofit American voluntary relief agencies and intergovernmental organizations. The other title III program is barter—the exchange of Government-owned farm products for foreign-produced strategic and other materials, goods, equipment, and services.

Long-term supply and dollar credit contracts are authorized by title IV, which was enacted late in 1959. It is expected that the volume of U.S. farm products moving abroad under title IV will continue to increase as countries that are growing economically use credit to a greater extent in making the transition from title I purchases with foreign currencies to straight purchases with dollars.

Public Law 480 operations are large from any standpoint.

Commitments totaling over \$20 billion at cost to the Commodity Credit Corporation have been entered into under all titles of Public Law 480 during the 10 years between July 1, 1954, and June 30, 1964. This total includes ocean transportation financed by the CCC under cargo preference and other requirements.

Commodities having an export market value of \$12.3 billion were actually shipped under all titles during the 10 years. Public Law 480 exports represent approximately 27 percent of the total \$44.8 billion worth of agricultural products shipped in this period.

The economic impact of Public Law 480 is particularly great in the case of some commodities.

For example, Public Law 480 shipments of wheat in the fiscal year 1964 were equal to 43 bushels out of every 100 bushels of wheat U.S. farmers harvested in 1963. Total Public Law 480 wheat exports of 3½ billion bushels were equivalent to three average U.S. crops.

Public Law 480 exports of rice this year equaled 30 bags out of every 100 harvested by growers in 1963. Total shipments under the program amount to 160 million bags, rough basis—equivalent to more than two average U.S. crops.

Cotton exports under Public Law 480, totaling 11 million bales, have meant \$1.5 billion in income for American cotton farmers.

Public Law 480 has opened up outlets for 5.5 billion pounds of nonfat dry milk, 4.8 billion pounds of soybean oil, and substantial volumes of feed grains, tobacco, and other commodities.

Public Law 480, directly and indirectly, helped the United States in the fiscal year 1964 set a new agricultural export record of \$6.1 billion. Of this total, \$1.5 billion, or about 25 percent represented shipments under Public Law 480. But the commercial exports of \$4.6 billion, also a new high record, reflected in considerable degree the export-expanding effects of market development programs made possible through Public Law 480.

TITLE I. FOREIGN CURRENCY SALES

By far, the largest volume of Public Law 480 operations is carried out under the provisions of title I which authorizes sales for local currency to friendly countries experiencing foreign exchange difficulties. In

terms of export market value, these shipments have accounted for approximately \$8 billion of agricultural exports during the 10-year period and in recent years shipments have been running somewhat over \$1 billion per year.

Title I authorizes the Commodity Credit Corporation to be reimbursed by congressional appropriation for the actual costs incurred in financing these title I shipments. These costs include such additional charges as the difference between the price support value and the export market value of commodities supplied from CCC inventory under the payment-in-kind programs, storage, handling, and other charges, including transportation, interest, and administrative costs. The total charge against Public Law 480 for the commodities actually exported under title I through June 30, 1964, is estimated at about \$12 billion. This also includes \$783 million for financing the cost of transporting 50 percent of the agricultural commodities on U.S.-flag vessels as required by the Cargo Preference Act.

Under prior legislation the President has been authorized to enter into agreements under title I, which will not exceed \$15.75 billion in terms of costs which would call for reimbursement by appropriation. By June 30, 1964, agreements had been entered into with an estimated CCC cost of \$14.2 billion. The export market value of the commodities to be financed under these agreements is \$8.9 billion and the estimated cost of financing ocean freight on U.S.-flag vessels is nearly \$1.1 billion. These agreements provide for the sale of more than 3 billion bushels of wheat, 433 million bushels of feed grains, 88 million bags of rice, 8.9 million bales of cotton, 7.9 billion pounds of fats and oils, and large quantities of other surplus agricultural commodities.

Currencies which accrue from the sale of these commodities are deposited to the account of the U.S. Treasury in the countries of purchase. With the exception of small portions which are required to be converted to foreign exchange for use in promoting agricultural market development and international educational exchange programs, these currencies may be expended only in the countries to which the commodities are sold. Section 104 of Public Law 480 authorizes the various uses for which the currencies may be utilized and the sales agreements specify the particular uses for which currencies accruing under each agreement are to be available. Under the agreements signed through June 30, 1964, 44 percent of these currencies is reserved for loans to the foreign government for promoting economic development, and 18 percent for grants to the foreign government for the same purpose. Approximately 9 percent is to be used for the procurement of military equipment, materials, facilities, and services for common defense, and nearly 6 percent for loans to United States and foreign private enterprises. The remaining 23 percent, approximately \$2.3 billion, is earmarked for the payment of U.S. obligations and for other U.S. uses. Included in these categories are such purposes as payment of U.S. Embassy expenses, construction of military family housing, the agricultural market development programs, the educational exchange program, and various other activities sponsored by the United States. With minor exceptions, amounts of foreign currencies expended for U.S. uses are reimbursed to CCC from other appropriations. To a very large extent, the use of Public Law 480 currencies for these purposes reduces the dollar expenditures which would otherwise be necessary and has a favorable effect on the U.S. balance-of-payments position.

TITLE II

Title II has provided CCC stocks of farm products to meet quickly emergency food needs of victims of disasters such as earthquake, flood, and drought. It has also provided food aid to refugees, work relief and expansion of school lunch programs. Through title II, we also are carrying out the U.S. pledge to the UN-FAO world food program, now in its second year.

Under the expanded authority to use food to promote economic development, there has been a calculated shift from relief feeding to food-for-work community development programs. This principle of using food as part payment of wages in helping people to help themselves to achieve economic and social development in their own communities will be substantially furthered by provisions of this bill. The economic development program includes such projects as irrigation, flood control, land reclamation, soil conservation, feeder roads, village sanitary facilities, housing construction, home improvement and similar projects which require a large amount of labor and which are designed to alleviate the causes of the need for relief.

The total title II commitments through June 30, 1964, is \$1.7 billion. This amount includes about \$1.3 billion in commodities and the remainder in ocean transportation costs both for title II shipments and for title III foreign donations.

TITLE III. FOREIGN DONATIONS

The title III foreign donations program authorizes the donation of food acquired by the Commodity Credit Corporation under its price support operations to qualified agencies for use in the assistance of needy persons and in nonprofit school lunch programs outside the United States. Distribution is made by U.S. accredited voluntary relief agencies and intergovernmental organizations. The program is appropriately characterized by a people-to-people concept and all of the foods distributed are recognized as a gift from the American people to the people of the recipient country.

During the past 10 years, this program has distributed more than 20 billion pounds of commodities at a CCC cost of about \$2.4 billion, with the greatest volume being in flour, nonfat dry milk, rice, cornmeal, and dairy products. Distribution has been made in 112 countries with a relatively even distribution among the continents.

TITLE III, BARTER

Title III also authorizes the exchange of surplus U.S. farm commodities for foreign-produced materials, goods, equipment, and services. All barter is conducted with private U.S. firms under contracts with the Commodity Credit Corporation. The fiscal year 1964 was the first full year in which the barter program emphasized off-shore procurement by Government agencies primarily to reduce the outflow of U.S. dollars abroad.

Title III requires that no restrictions be placed on the countries of the free world into which surplus commodities may be sold, except that reasonable precautions be exercised to safeguard usual U.S. marketings and to assure that barter will not unduly disrupt world prices of agricultural commodities or replace cash sales for dollars.

Barter transactions are subject to the following requirements: Agricultural commodities may not be transshipped from approved countries of destination without prior approval; materials delivered in exchange for the U.S. commodities must originate in friendly countries; financial coverage for agricultural commodities taken in advance of barter materials is required in the form of cash deposits or irrevocable letters of credit in favor of the CCC; and shipment of at least 50 percent of the materials imported into the United States must be made on privately owned U.S.-flag vessels. Some barter transactions provide for the further processing of foreign-produced materials in the United States.

The total value of surplus agricultural commodities to be exported under barter contracts entered into through June 30, 1964, is \$1.7 billion.

TITLE IV

Title IV provides for long-term supply and dollar credit sales of U.S. agricultural commodities. Major objectives of this program are to stimulate and increase the sale of U.S. surplus agricultural commodities for dollars through the extension of credit which will assist in maximizing U.S. dollar exports of such commodities, develop foreign markets for U.S. agricultural commodities and assist in the development of the economies of friendly nations.

The program is being employed by some dollar-short countries whose economies are improving as a "transition stage" from title I purchases with foreign currencies to straight cash purchases with dollars.

Under the program, agreements are entered into by the U.S. Government with governments of friendly nations—and with individuals, commercial firms, cooperative associations, or other private organizations of the United States or friendly foreign countries—for delivery of surplus agricultural commodities for periods up to 10 years. Credit periods of up to 20 years are authorized, but on the due dates both principal and interest are payable in U.S. dollars.

Sales in recipient countries of the commodities supplied on credit have made local currencies available to foreign countries for various projects which are contributing significantly to economic growth. Nearly all of the agreements signed to date have been accompanied by a formal commitment on the part of the foreign government receiving the credit that the funds made available by the sale of the commodities financed under the agreement would be used for development objectives to be mutually agreed to by the two governments.

From July 1961 through June 30, 1964, 40 title IV agreements and amendments have been entered into with 18 countries, having a total value of \$262 million, including ocean transportation costs to be financed by CCC.

The first dollar repayments of credit extended under title IV agreements were received by the United States in 1963. Through June 30, 1964, the United States received from foreign governments dollar payments of \$3 million on principal and \$1.8 million in interest

against their obligations under this program, or a total of \$4.8 million.

Following are tables showing all aspects of Public Law 480 operations:

TABLE A, PUBLIC LAW 480.—*Exports by commodity, July 1, 1954, through June 30, 1964 (preliminary)*

Commodity	Unit	Title I	Title II ¹	Title III		Title IV	Total, Public Law 480
				Barter ¹	Foreign donations		
		Thousands	Thousands	Thousands	Thousands	Thousands	Thousands
Grains and products:							
Wheat and wheat equivalent.....	Bushel.....	2,562,392	213,742	366,635	219,259	24,249	3,386,277
Wheat.....	do.....	2,372,011	159,630	349,061	15,709	23,379	2,919,790
Wheat flour.....	Pound.....	8,220,270	2,199,574	769,741	8,059,826	37,342	19,286,753
Bulgur.....	do.....	12,995	139,900	597,195	330	750,420	59,638
Rolled wheat.....	do.....	4,471	61,889	55,167	164	1,012,561	494,471
Feed grains.....	Bushel.....	409,173	37,511	249,226	8,156	79	255,677
Corn.....	do.....	199,499	15,926	132,759	20	194,576	48,768
Barley.....	do.....	144,785	8,452	14,267	65	19,004	65
Grain sorghums.....	do.....	53,345	41,961	2,780,904	7,361	1,837	1,102
Oats.....	do.....	6,807	41,961	2,780,904	7,361	1,837	2,873,315
Rye.....	do.....	4,737	14,267	7,361	1,837	104,650	104,650
Mixed feed grains.....	do.....	4,737	14,267	7,361	1,837	104,650	104,650
Rye flour.....	Pound.....	1,102	92,411	2,780,904	7,361	1,837	2,873,315
Cornmeal ²	do.....	92,411	4,757	4,444	7,361	1,837	104,650
Rice.....	Hundred-weight.....	86,251	4,757	4,444	7,361	1,837	104,650
Fat and oils:							
Lard.....	Pound.....	186,168	860,333	60,214	339,967	109,043	4,833,441
Tallow.....	do.....	860,333	60,214	78,297	34,731	139,868	1,504,333
Soybean oil.....	do.....	4,324,217	78,297	34,731	139,868	1,492	15,575
Cottonseed oil.....	do.....	1,249,945	78,297	34,731	139,868	1,492	15,575
Linseed oil.....	do.....	7,492	8,083	8,083	8,083	8,083	8,083
Oilseeds and meal:							
Peanuts.....	do.....	9,169	5,932	616,549	227,057	316,670	316,670
Soybeans.....	Bushel.....	5,932	897	2,403	54,776	57,179	57,179
Flaxseed.....	do.....	897	2,403	54,776	57,179	57,179	57,179
Oilseed meal.....	Pound.....	2,403	54,776	57,179	57,179	57,179	57,179
Dairy products:							
Milk (evaporated and condensed).....	do.....	180,555	389,442	156,516	4,703,544	6,613	5,489,944
Milk (nonfat-dry).....	do.....	233,829	389,442	156,516	4,703,544	6,613	5,489,944
Milk (whole).....	do.....	16,137	55	9,836	616,549	227,057	316,670
Milk (dry, modified).....	do.....	55	9,836	616,549	227,057	316,670	316,670
Cheese.....	do.....	19,446	66,687	24,086	227,057	316,670	316,670
Butter.....	do.....	31,079	34,448	24,086	227,057	316,670	316,670
Butter oil, anhydrous milk fat, and ghee.....	do.....	11,093	10,815	286,551	2,078	310,537	310,537
Other dairy products.....	do.....	2,001	2,001	2,001	2,001	2,001	2,001
Meat and poultry:							
Beef.....	do.....	93,202	19,991	80,251	80,251	80,251	80,251
Pork products.....	do.....	19,991	80,251	80,251	80,251	80,251	80,251
Poultry.....	do.....	80,251	80,251	80,251	80,251	80,251	80,251
Fruits and vegetables:							
Fruit, fresh and dried.....	do.....	109,686	34,970	664	690	565	2,261
Fruit, canned.....	do.....	34,970	664	690	565	2,261	64
Dry edible beans.....	Hundred-weight.....	664	690	565	2,261	64	4,244
Potatoes.....	Pound.....	50,822	50,822	50,822	50,822	50,822	50,822
Other:							
Cotton ((including liners)).....	Bale.....	8,346	100	2,254	11,976	453	568,218
Wool.....	Pound.....	453	383,397	10	87,524	23,712	9,148
Fabric.....	do.....	383,397	10	87,524	23,712	9,148	1,050.92
Tobacco.....	do.....	10	87,524	23,712	9,148	1,050.92	128,997
Seeds.....	Hundred-weight.....	10	87,524	23,712	9,148	1,050.92	128,997
Thousands metric tons.....		87,562.28	7,524	23,712	9,148	1,050.92	128,997

¹ Estimated on the basis of incomplete reports.

² Corn equivalent is 2,920,000 bushels for title II and 87,877,000 bushels for title III.

TABLE 1.—Approximate quantities of commodities under title I, Public Law 480 agreements signed July 1, 1954, through June 30, 1964

Area and country	Wheat and flour	Feed grains	Rice	Cotton	Tobacco	Dairy products	Fats and oils	Poultry	Dry edible beans	Fruits and vegetables	Meat	Hay and pasture seeds
Europe:	Thousand bushels	Thousand bushels	Thousand hundred-weight	Thousand bales	Thousand pounds	Thousand pounds	Thousand pounds	Thousand pounds	Thousand hundred-weight	Thousand pounds	Thousand pounds	Thousand hundred-weight
Austria.....	4,055	11,605	63.7	7,425	7,425	19,449	5,683	1,631	181	50,822	58,787	
Finland.....	5,881	1,453	74.5	26,311	26,311		253,891		223	88,944		
France.....			163.1	19,268	19,268		404,002	4,542		18,728		
Germany.....												
Iceland.....	2,310	2,821	53	3,276	3,276		5,683			12,237		
Italy.....	896	3,703		508.8	25,848			30				
Netherlands.....				1.8								
Poland.....	149,953	58,853	451	864.7	8,507	37,106	404,002					
Portugal.....	3,879											
Spain.....	110,783	35,172		2763.7	32,749		1,771,678	1,631	181	50,822	58,787	
United Kingdom.....					52,905	5,441	664,454			25,372		
Yugoslavia.....	232,412			658.1								
Total.....	410,169	113,612	504	3,103.9	176,289	42,547	3,119,157	6,203	404	197,402	58,787	
Africa:												
Congo.....	7,232	3,744	1,895	.9	16,781	32,054		10,805	264	992		
Ethiopia.....				6.0								
Guinea.....	3,655	66	1,983		772	7,330	30,424					
Ivory Coast.....			441				11,023					
Morocco.....	7,504			5.0	417		55,886					
Senegal.....		394	551									
Sudan.....	11,414											
Tunisia.....	11,619	3,892		6.9			71,101					
Total.....	41,424	8,096	4,870	18.8	17,970	39,384	168,434	10,805	264	992		
Near East and south Asia:												
Burma.....				285.2	3,698	10,917	99			808		
Ceylon.....	9,778		1,985									
Cyprus.....	1,102											
Greece.....	21,446	42,600				36,691	133,747					
India.....	994,449	32,964	30,822	1,929.9	13,954	75,492	8,052			882		
Indonesia.....	20,266		23,310	783.9	41,780		110,231					
Iran.....	24,597					1,630	17,631					
Israel.....	61,152	72,753	558	33.0	1,093	117,885	289,504		124	709	24,758	
Jordan.....	1,470											
Pakistan.....	339,979	9,070	13,433	2265.3	18,843	130,655	1,274,545	1,250	31			
Syrian Arab Republic.....	16,748	4,180	273		250							
Thailand.....					5,439	818						
Turkey.....	175,215	18,393	561			8,596	1,225,034	6,833			14,607	
United Arab Republic.....	326,537	42,537	905		70,370	11,114	789,859	10,398	22			
Total.....	1,992,739	222,413	71,847	3,297.3	156,237	393,798	3,848,703	18,481	477	2,399	39,365	

Far East and Pacific:

Far East and Pacific:									
China (Taiwan).....	56,561	1,205	8,720	2,204.7	71,515	146,747	192,659	2	15,041
Japan.....	30,979	11,094	2,142	405.8	14,989	4,720	111,195		
Korea.....	103,709	46,386	3,030	319.3	9,791	1,210	76,801		15,041
Philippines.....			2,581	1,060.5	8,486	15,424	4,663	2	
Vietnam.....	10,331		967	172.2	38,249	195,393			
Total.....	201,580	58,685	8,720	2,204.7	71,515	146,747	192,659	2	15,041
Latin America:									
Argentina.....			60				208,716		
Bolivia.....	13,623		110	18.8		3,452	13,327		
Brazil.....	285,700	763			312	9,044	89,853		
Chile.....	17,932	1,237		89.5			119,302		10
Colombia.....	20,502	3,115		71.5	1,707	2,185	68,715		
Ecuador.....	1,577			7.7	1,968		33,271		
Mexico.....		18,995							
Paraguay.....	6,600					917	3,521		
Peru.....	14,538		1,688			773	29,562		
Uruguay.....	7,430	6,205		84.7	8,477				
Total.....	368,202	30,315	1,858	272.2	14,232	16,371	566,327		10
Grand total.....	3,014,114	4,433,121	87,799	8,896.9	436,243	\$ 638,847	\$ 7,895,280	\$ 200,793	\$ 113,193

¹ Includes 2,598 busbels of wheat sold to Spain for resale to Switzerland for financing

procurement of Swiss goods by Spain.

² Includes 7,000 bales cotton linters and 21,100 bales extra-long staple.

³ Includes 51,700 bales extra-long staple.

⁴ See the following:

	Thousand bushels
Corn.....	221,275
Barley.....	144,815
Oats.....	6,807
Grain sorghums.....	55,487
Rye.....	4,737
Total.....	433,121

¹ See the following:

Condensed milk.....	661
Anhydrous milk fat.....	147,723
Dried whole milk.....	24,608
Nonfat dry milk.....	277,330
Evaporated milk.....	72,467
Butter, butter oil, and/or ghee.....	90,956
Cheese.....	22,660
Whey.....	2,001
Dried eggs.....	441
Total.....	638,847

⁴ See the following:

	Thousand pounds
Cottonseed oil and/or soybean oil.....	6, 675, 322
Lard.....	212, 808
Tallow and/or grease.....	999, 658
Linseed oil.....	7, 492

Total

⁷ See the following:

	Thousand hundredweight
Beans.....	993
Peas.....	154

Total..

§ All fruit except Spain which is potatoes.

⁹⁹ See the following:

	Thousand pounds
Israel, frozen beef.....	24,758
Korea, canned pork.....	15,041
Spain:	
Canned hams.....	2,403
Fatbacks.....	2,547
Frozen beef and variety meats.....	53,837
Turkey, frozen beef.....	14,607
Total.....	<u>113,193</u>

TABLE 2.—Dollar value of commodities programed under title I, Public Law 480 agreements signed July 1, 1954, through June 30, 1964

[In millions of dollars]

Area and country	Wheat and flour	Feed grains	Rice	Cotton	Tobacco	Dairy products	Fats and oils	Other	Total			
									Market value	Ocean transportation ¹	Market value including ocean transportation	Estimated CCC cost including ocean transportation
Europe:												
Austria.....	6.9	15.7	-----	9.5	4.8	-----	2.4	0.2	39.5	3.3	42.8	60.1
Finland.....	10.5	2.3	-----	11.8	14.3	-----	-----	2.7	41.6	2.1	43.7	57.0
France.....	-----	-----	-----	23.0	12.6	-----	-----	-----	35.6	.1	35.7	47.2
Germany.....	-----	-----	-----	-----	-----	-----	-----	1.2	1.2	-----	1.2	1.2
Iceland.....	4.3	4.5	0.4	.9	3.2	-----	.8	1.3	15.4	1.3	16.7	19.5
Italy.....	1.5	4.8	-----	76.9	20.4	-----	36.4	(²)	140.0	4.6	144.6	184.3
Netherlands.....	-----	-----	-----	-----	-----	-----	-----	-----	.2	-----	.2	.3
Poland.....	249.2	66.0	2.9	125.5	6.7	3.3	44.6	-----	498.2	39.9	538.1	757.3
Portugal.....	6.3	-----	-----	-----	-----	-----	-----	-----	6.3	.9	7.2	13.5
Spain.....	318.2	40.3	-----	4119.5	24.8	-----	247.0	19.1	468.9	23.7	492.6	556.1
United Kingdom.....	-----	-----	-----	-----	38.0	-----	-----	10.1	48.1	.4	48.5	48.5
Yugoslavia.....	396.4	-----	-----	91.1	-----	.5	80.7	3.7	572.4	66.8	639.2	927.3
Total.....	693.3	133.6	3.3	458.4	124.8	3.8	411.9	38.3	1,867.4	143.1	2,010.5	2,672.3
Africa:												
Congo.....	16.2	5.5	11.7	.1	10.4	9.5	-----	5.0	58.4	6.8	65.2	79.4
Ethiopia.....	-----	-----	-----	.9	-----	-----	-----	-----	9	-----	.9	1.5
Guinea.....	6.8	.1	11.3	-----	.8	1.8	3.4	-----	24.2	2.6	26.8	35.9
Ivory Coast.....	-----	-----	2.5	-----	-----	-----	.9	4.4	3.4	-----	3.8	4.4
Morocco.....	12.7	-----	-----	.8	.2	-----	6.0	-----	19.7	2.3	22.0	29.6
Senegal.....	-----	.5	3.1	-----	-----	-----	-----	-----	3.6	4.4	4.0	5.6
Sudan.....	19.8	-----	-----	-----	-----	-----	-----	-----	19.8	4.1	23.9	34.1
Tunisia.....	20.3	4.5	-----	.9	-----	-----	7.8	.1	33.6	4.3	37.9	50.7
Total.....	75.8	10.6	28.6	2.7	11.4	11.3	18.1	5.1	163.6	20.9	184.5	241.2
Near East and south Asia:												
Burma.....	-----	-----	-----	42.2	2.7	2.0	-----	.1	47.0	1.9	48.9	68.9
Ceylon.....	13.9	-----	11.7	-----	-----	-----	-----	-----	25.6	4.0	29.6	42.4
Cyprus.....	1.9	-----	-----	-----	-----	-----	-----	-----	1.9	.3	2.2	3.5
Greece.....	35.0	52.5	-----	-----	-----	4.4	20.2	-----	112.1	14.3	126.4	159.8
India.....	1,630.7	41.3	165.3	272.2	13.8	7.9	1.0	.1	2,132.3	358.1	2,490.4	3,904.1
Indonesia.....	29.6	-----	138.8	109.3	27.4	-----	13.8	-----	318.9	27.7	346.6	513.5

Iran.....	43.1	83.3	3.6	5.6	1.6	19.1	2.8	46.7	10.6	57.3	84.2
Israel.....	104.7	12.9	78.4	50.9	17.8	33.0	175.9	2.5	28.3	291.3	392.6
Jordan.....	2.5	4.6	1.5		.2			928.9	134.4	1,063.3	4.2
Pakistan.....	557.0							32.7	5.2	37.9	1,477.7
Syrian Republic.....	26.4				3.9			4.1	2	4.3	55.1
Thailand.....		21.5	3.5			2.2	163.6	4.3	52.8	548.3	4.4
Turkey.....	298.1	53.1	5.3		47.7	2.7	75.2	720.0	95.6	813.6	757.1
United Arab Republic.....	532.5										1,129.7
Total.....	3,275.4	269.2	408.1	4,802	115.1	72.3	486.6	5,131.2	733.9	5,865.1	8,597.2
Far East and Pacific:											
China (Taiwan).....	97.2	1.5		52.7	13.1	1.6	10.7	176.8	16.9	193.7	280.3
Japan.....	47.9	13.3		52.5	7.6			135.0	13.5	148.5	201.6
Korea.....	177.4	50.8	13.7	142.0	6.6	.3	6.6	415.9	42.6	458.5	649.3
Philippines.....			15.7	25.8		1.7	.4	43.6	3.5	47.1	69.4
Vietnam.....	18.5		5.8	34.1	24.4	27.9		110.7	9.0	119.7	154.8
Total.....	341.0	65.6	59.4	307.1	51.7	31.5	17.7	882.0	85.5	967.5	1,355.4
Latin America:											
Argentina.....			.3				29.6	29.9	.8	30.7	35.9
Bolivia.....			.6	2.8		1.0	1.4	28.3	4.1	32.4	45.7
Brazil.....	22.5	1.4			.7	2.6	12.8	508.5	67.1	575.6	856.4
Chile.....	489.9	1.5		13.6	1.9		18.5	65.3	5.7	71.0	95.4
Colombia.....	29.4	4.1		11.9	1.6	.4	9.4	62.4	6.9	69.3	91.2
Ecuador.....	35.0			1.1	1.8		5.1	10.9	.8	11.7	14.0
Mexico.....	2.9							24.6	1.0	25.6	41.2
Paraguay.....	11.6	24.6				.4	.5	12.5	2.4	14.9	21.6
Peru.....	25.8		9.9			.2	3.3	39.2	3.5	42.7	66.6
Uruguay.....	14.0	7.2		11.7	8.0			40.9	3.8	44.7	59.7
Total.....	631.1	38.8	10.8	41.1	14.0	4.6	80.6	822.5	96.1	918.6	1,327.7
Grand total.....	5,016.6	* 517.8	510.2	1,288.5	317.0	7123.5	* 1,014.9	8,866.7	1,079.5	9,946.2	14,193.8

See footnotes at end of table, p. 12.

¹ Includes only ocean transportation to be financed by CCC.

² \$50,000 or less.

³ \$4.4 million of wheat sold to Spain for resale to Switzerland for financing procurement of Swiss goods by Spain.

⁴ Includes \$0.3 million cotton lint; \$6.6 million extra-long staple

⁵ Includes \$16 million extra-long staple.

⁶ See the following:

	Millions
Corn.....	\$293.0
Oats.....	5.3
Barley.....	155.9
Grain sorghums.....	57.7
Rye.....	5.9
Total.....	517.8

⁷ See the following:

	Millions
Anhydrous milk fat.....	\$0.4
Condensed milk.....	32.8
Dry whole milk.....	12.9
Nonfat dry milk.....	23.3
Evaporated milk.....	10.3
Butter, butter oil and/or ghee.....	37.4
Cheese.....	5.7
Whey.....	.1
Dried eggs.....	.6
Total.....	123.5

⁸ See the following:

	Millions
Cottonseed oil and/or soybean oil.....	\$910.9
Linseed.....	1.1
Lard.....	29.6
Tallow and/or grease.....	73.3
Total.....	1,014.9

⁹ See the following:

	Millions
Fruit: Austria, Burma, Congo, Finland, Iceland, India, Israel, United Kingdom, Yugoslavia.....	\$16.6
Seeds: Chile.....	.4
Potatoes: Spain.....	1.4
Poultry: Germany, Italy, Turkey, Spain, United Arab Republic, Congo, Pakistan.....	10.6
Beef: Spain, Israel.....	28.1
Pork: Korea, Spain.....	10.0
Beans and peas: Israel, Spain, Yugoslavia, Pakistan, Congo, United Arab Republic.....	10.1
Total.....	77.2

TABLE 3.—*Uses of foreign currency as provided in title I, Public Law 480, agreements signed July 1, 1954, through June 30, 1964*¹

[Amounts are in thousand dollar equivalents at the deposit rate of exchange]

Area and country	Total amount in agreements (market value including ocean transportation)	104(c) common defense	104(e) grants for economic development	104(e) loans to private enterprise	104(g) loans to foreign governments	Other U.S. uses ²
Europe:						
Austria.....	40,096				25,453	14,643
Finland.....	43,440			4,433	19,392	19,531
France.....	35,697			6,454		29,218
Germany.....	11,196					1,196
Iceland.....	16,233		198		12,226	3,777
Italy.....	144,194			3,647	92,838	47,709
Netherlands.....	254					254
Poland.....	534,651					533,306
Portugal.....	7,082				3,400	3,682
Spain.....	497,112	9,910			245,138	242,064
United Kingdom.....	48,540	38,205				10,335
Yugoslavia.....	637,753		140,613		391,177	105,335
Total.....	2,006,248	48,115	140,811	14,534	789,624	1,011,050
Africa:						
Congo.....	65,116		38,444	3,360	15,680	7,632
Ethiopia.....	908			182	499	227
Guinea.....	26,840			3,077	17,321	6,442
Ivory Coast.....	3,800			570	19,000	1,330
Morocco.....	21,870			2,130	14,273	5,467
Senegal.....	4,022			603	2,011	1,408
Sudan.....	23,840		4,636	3,576	8,344	7,284
Tunisia.....	37,061		7,079	4,828	19,618	5,393
Total.....	183,457		50,159	18,326	79,646	35,183
Near East and south Asia:						
Burma.....	50,200		7,900		31,870	10,430
Ceylon.....	29,119		5,280	5,312	11,096	7,335
Cyprus.....	2,200			550	1,100	550
Greece.....	123,570	10,040	7,329	11,251	54,069	40,881
India.....	2,484,806		788,175	168,087	1,212,958	315,586
Indonesia.....	344,625		25,312	22,616	239,507	57,190
Iran.....	55,682	5,900		3,563	29,513	15,877
Israel.....	288,526		32,600	46,427	171,320	38,179
Jordan.....	3,000		750			2,250
Pakistan.....	1,048,810	79,260	556,841	51,551	256,707	101,647
Syrian Arab Republic.....	37,200			6,550	22,750	7,900
Thailand.....	4,303				1,753	2,550
Turkey.....	533,956	101,107	2,340	69,638	199,098	160,942
United Arab Republic.....	812,605		25,701	78,979	579,197	128,728
Total.....	5,818,602	196,307	1,452,228	464,524	2,810,938	890,045
Far East and Pacific:						
China (Taiwan).....	193,264	100,391		13,156	34,909	44,808
Japan.....	146,277	17,192	600		105,538	22,947
Korea.....	457,035	387,854		6,799		61,707
Philippines.....	46,018	7,439	2,857	7,743	11,574	15,902
Vietnam.....	119,597	98,384		5,688		15,465
Total.....	962,191	611,310	3,457	33,386	152,021	160,829

See footnotes at end of table, p. 14.

TABLE 3.—*Uses of foreign currency as provided in title I, Public Law 480, agreements signed July 1, 1954, through June 30, 1964*¹—Continued

[Amounts are in thousand dollar equivalents at the deposit rate of exchange]

Area and country	Total amount in agreements (market value including ocean transportation)	104(c) common defense	104(e) grants for economic development	104(e) loans to private enterprise	104(g) loans to foreign governments	Other U.S. uses ²
Latin America:						
Argentina.....	30,525				18,714	11,799
Bolivia.....	32,229			3,874	22,744	5,611
Brazil.....	572,407		123,157		345,340	103,910
Chile.....	67,985	100		779	52,974	13,842
Colombia.....	69,453			11,270	39,743	18,440
Ecuador.....	11,554			1,201	7,218	3,100
Mexico.....	25,185			6,296	11,389	7,500
Paraguay.....	13,872		3,366	1,376	6,013	3,037
Peru.....	41,889			4,534	23,518	13,837
Uruguay.....	36,747			9,100	15,250	12,050
Total.....	901,846	100	126,523	38,430	542,903	193,146
Grand total.....	9,872,344	855,832	1,773,178	569,200	4,375,132	2,290,253
Uses as percent of total.....	100	8.7	18	5.8	44.3	23.2

¹ Many agreements provide for the various currency uses in terms of percentages of the amount of local currency accruing pursuant to sales made under each agreement. In such cases, amounts included in this table for each use are determined by applying the specified percentages to the total dollar amount provided in each agreement. Amounts shown include adjustment on closed out agreements.

² Agreements provide that a specific amount of foreign currency proceeds may be used under various U.S. use categories, including currency uses which are limited to amounts as may be specified in appropriation acts. Included are uses specified under subsections 104 (a), (b), (f), (h), (i), (j), (k), (l), (m), (n), (o), (p), (q), (r), (s), and sometimes (c) and (d), insofar as specified in agreements.

TABLE 4.—Title II, Public Law 480, transfer authorizations issued, value of commodities by area and country, July 1, 1954, through June 30, 1964

[In thousands of dollars]

Area and country	Total	Ocean trans- portation 1	Commodities							
			Total commod- ities	Bread grains	Coarse grains	Fats and oils	Dry beans	Milk and milk products	Rice	Raw cotton
Europe (total)	189,993	4,809	185,184	82,817	35,226	14,818	1,592	41,560	730	8,441
Austria	28,145	2,455	25,690	149	25,530			11		
Czechoslovakia	1,995		1,995		1,995					
Germany, Federal Republic of	3,365		3,365	236	686	911		367	171	994
Germany, Soviet occupied	758		758	236	380	81			61	
Hungary	13,210	562	12,648	4,043	1,907	2,088	437	3,759	414	
Italy	91,542	1,637	89,905	32,708	4,728	10,306	1,155	37,322		
Spain	3,761		3,761							
Yugoslavia	47,217	155	47,062	45,445		1,432		101	84	
Africa (total)	430,199	48,713	381,486	279,223	55,153	24,796	796	14,596	6,922	
Algeria	100,472	10,544	89,928	68,034		19,146	462	2,286		
Burundi	615	185	430	140	90	100		10		
Central African Republic	14	4	10							
Congo	17,855	2,599	15,256	5,421	1,181	820	158	5,277	2,399	
Dahomey	1,462	303	1,159	450	321			44	344	
Ethiopia	10,123	2,057	8,066	3,414	4,652					
Ghana	605		605		605					
Guinea	1,740	163	1,577	346					1,231	
Kenya	8,486	1,196	7,290		5,603	537		1,150		
Libya	27,456	2,335	25,121	16,890	8,231					
Malagasy Republic	29	3	26						26	
Mauritania	104	18	86	17	13			55		
Morocco	97,449	10,595	86,854	75,311	10,208	265	1	192	808	
Niger	184	43	141	47	3			31		
Rwanda-Urundi	2,619	1,275	1,344	423	299	108		514		
Somali Republic	4,018	1,076	2,942	205	2,585	152				
Sudan	10	1	9					9		
Tanganyika	13,452	2,207	11,245		10,254	23		968		
Togo	2,481	533	1,948		1,185	742	21			
Tunisia	140,665	13,520	127,145	108,525	9,619	2,843	84	3,960	2,114	
Uganda	360	56	304		304					

See footnotes at end of table, p. 17.

TABLE 4.—Title II, Public Law 480, transfer authorizations issued, value of commodities by area and country, July 1, 1954, through June 30 1964—Continued

[In thousands of dollars]

Area and country	Total	Ocean transportation ¹	Commodities							
			Total commodities	Bread grains	Coarse grains	Fats and oils	Dry beans	Milk and milk products	Rice	Raw cotton
Near East and south Asia (total).....	474,798	68,894	405,904	309,606	44,318	15,838	16	8,996	22,656	4,474
Afghanistan.....	59,643	11,331	48,312	48,312						
Ceylon.....	9,289	1,123	8,166	4,821					3,345	
Cyprus.....	14,991	1,733	13,258	12,357	901					
Greece.....	3,326	249	3,277	3,277						
India.....	16,057	2,327	13,730	5,500	2,000			2,564	3,666	
Iran.....	35,573	8,471	27,102	19,439	6,980	645		38		
Israel.....	1,492	142	1,350	1,100		500		750		
Jordan.....	56,931	7,820	49,111	41,577	7,534					
Lebanon.....	16,795	1,282	15,513	14,750	763					
Nepal.....	5,207	887	4,320	4,184	74	23	16	23		
Pakistan.....	93,346	7,919	85,427	56,560	850	7,109		1,753	14,681	4,474
Syrian Arab Republic.....	27,396	4,846	22,550	18,082	4,468					
Turkey.....	25,027	1,500	23,527	16,077		3,542		3,867	41	
United Arab Republic.....	24,348	3,600	20,748		20,748				923	
UNRWA (Palestine refugees).....	73,211	13,819	61,392	56,450		4,019		1		
Yemen.....	9,966	1,845	8,121	8,120						
Far East and Pacific (total).....	197,829	24,007	173,822	109,474	23,859	13,106	94	10,746	13,305	3,238
Cambodia.....	2,343		2,343						2,343	
China, Republic of.....	22,296	2,954	19,342	14,378		1,817		1,402	1,448	297
Hong Kong.....	3,857	616	3,241		2,400				786	55
Indonesia.....	255	85	170		110	60				
Japan.....	36,992	35	36,957	28,946				8,011		
Korea.....	51,465	7,688	43,777	33,039	7,872					
Laos.....	839		839							2,866
Philippines.....	1,134	182	952	114	239	166		433	839	
Ryukyu Islands.....	8,349	955	7,394		606				6,788	
Vietnam.....	70,299	11,492	58,807	32,997	12,632	11,063	94	900	1,101	20

Latin America (total)	104,668	11,679	92,989	26,797	16,854	11,182	2,792	27,996	4,840	2,528
Bolivia	18,046	374	17,672	10,355	2	1,255	14	494	3,024	2,528
Brazil	47,644	7,253	40,391	6,922	4,218	6,405	1,401	21,445		
British Honduras	273		273	22	25	106	46	44	30	
Colombia	14	2	12	6	1	3		2		
Costa Rica	2,511	380	2,131		1,046	428	51	550	56	
Dominican Republic	2,885	560	2,325	730	830	265		500		
Ecuador	568	64	504	177	219	65		43		
Guatemala	3,238		3,238		3,238					
Haiti	3,476	67	3,409	207	3,133	180	1,210	43	1,636	
Honduras	211		3,211		59		70		82	
Jamaica	42	10	32	11	21					
Mexico	1,356	200	1,156	375	386	200		195		
Peru	24,332	2,752	21,580	7,990	6,638	2,275		4,677		
St. Lucia	52	14	38		38					
Uruguay	20	3	17	2				3	12	
Christmas holiday	16,688		16,688	2,306		5,973	1,005	4,206	3,198	
World food program	21,930	3,849	18,081	9,380	3,638	3,839		1,224		
American voluntary relief agencies and international organizations (total)	9,554		9,554					9,554		
Total	21,445,659	216,951	1,283,708	819,603	170,048	89,552	6,295	118,878	51,651	18,681
Ocean freight: Title III foreign donations	279,540	279,540								
Grand total (CCC cost)	21,725,199	244,491	1,283,708							
Total title II (estimated market value) ³	767,826	161,951	605,875	341,774	113,158	48,269	6,295	57,894	26,342	12,143

³ Calculated on the ratio of current market prices to CCC cost.¹ Including transportation to point of entry for landlocked countries.² Excludes approximately \$22,000,000 ocean freight for fiscal years 1955 and 1956 financed under the Mutual Security Act.

TABLE 5.—Title III, Public Law 480, foreign donations, shipments, fiscal years 1955-64

Country	1955-60		1961		1962		1963		1964	
	Pounds	Cost	Pounds	Cost	Pounds	Cost	Pounds	Cost	Pounds	Cost
Europe (total)	Thousands 3,735,509	Thousands \$602,776	Thousands 595,932	Thousands \$52,454	Thousands 677,399	Thousands \$58,757	Thousands 457,056	Thousands \$50,150	Thousands 382,960	Thousands \$51,122
Austria	76,509	21,809	9,691	835	203	26				
Belgium	585	194								
England	293	123								
Finland	3,200	2,160								
France	23,985	10,297	269	31	454	63	523	93	341	51
Germany	378,741	91,953	16,931	1,438	9,265	726	1,032	217		
Italy	1,578,765	180,030	238,226	16,945	283,500	20,351	154,042	10,048	129,121	10,261
Malta	14,956	3,043	1,379	106	1,579	130	1,684	345		
Netherlands	4	(1)								
Poland	68,041	6,694	58,104	5,019	77,622	6,716	66,617	7,978	33,858	15,026
Portugal	127,781	18,619	59,095	5,614	43,303	4,493	55,162	7,249	32,697	3,365
Spain	589,023	131,783	64,249	7,781	82,134	10,789	56,915	9,533	44,236	6,871
Trieste	32,955	4,889	7,698	574	5,047	380	4,379	369	2,211	267
Yugoslavia	859,670	126,982	140,290	14,111	172,292	15,083	116,682	14,318	100,496	13,282
Africa (total)	209,611	24,912	198,224	15,923	257,611	18,115	405,783	37,358	591,131	52,316
Algeria	23,996	2,281	28,547	2,315	51,665	3,684	125,557	14,037	288,388	23,083
Basutoland			178	30	166		515	86	560	87
Belgian Congo	890	135								
Burundi										
Cameroons, French	900	56	1,265	129	1,861	149	4,965	878	4,269	518
Canary Islands	480	18					278	17	27	4
Central African Republic										
Congo			54	9	122	21	52	9	31	5
Chad							346	58	205	32
Dahomey	1,860	140	5,139	580	15,015	1,573	35,669	3,363	26,493	2,761
Ethiopia	3,114	509	12,896	995	3,355	181	4,377	5,216	5,216	336
French Equatorial Africa	6		1,808	248	5,356	466	7,799	864	3,425	222
French West Africa	1,180	239								
Gabon	54	9	164	23	20	3	104	17	72	11
Gambia	992	190	460	79	271	46	242	40	100	16
Ghana	3,893	699	8,423	974	5,415	661	6,298	595	8,314	1,154
Ivory Coast										
Kenya	2,716	539	590	101	948	13	56	9	396	61
Liberia	5,500	415	4,602	556	162	196	1,250	196	3,219	373
Libya	37,409	5,052	19,088	1,445	12,878	706	2,138	178	2,647	404
Malagasy Republic			60	10		40			8,983	576
Malagache Republic									4,900	568
Mauritania	180	321								
	400	67	340	\$58	463	\$79	60	\$10	3,963	\$490

Morocco, French.....	103,607	11,852	102,037	7,198	110,434	6,305	148,295	11,526	157,140	15,062
Niger.....			11	2	15	3				
Nigeria.....	1,257	224	615	81	1,486	153	3,030	289	6,145	611
Nyasaland.....	123	24	40	7				12		
Ruanda.....			269	23	22,756	1,569		5		
Ruanda Urundi.....			97	17	79	13				
St. Helena.....	150	30			3,973	428	8,553	632	10,480	714
Senegal.....			60	10	77	13		20		9
Seychelles.....			1365	122	2,674	224	6,756	542	6,678	1,022
Sierra Leone.....	1,530	163	110	19	572	78	40	7	23	4
Somalia.....	12	2								
Somaland, British.....			445	42	1,085	108	760	69	928	199
Somaliland, French.....						101		172	17	27
Sudan.....	209	38							47	7
Swaziland.....			40	7	35	6	84	14		
Tanganyika.....	601	100	350	60	4,312	328	3,813	313	17,384	1,262
Togo.....	8,338	544	3,142	287	994	34	1,663	205	3,161	573
Tunisia.....	9,188	1,251	5,548	554	7,922	677	28,820	1,971	20,142	1,456
Uganda.....	952	108	395	68	974	166	709	119	1,190	185
Upper Volta.....			86	15	1,356	114	7,819	512	6,115	480
Voltaic Republic.....									217	8
Zanzibar.....					75	13	40	7	41	6
Near East and south Asia (total).....	1,973,287	348,563	740,053	65,779	810,970	69,011	738,425	62,303	688,094	68,528
Aden.....	283	51	37	6	73	12	13	2	130	20
Afghanistan.....	1,595	292	7,044	643	756	129	406	68	513	111
Ceylon.....	156,044	16,095	55,181	5,355	67,364	4,245	62,293	4,290	50,409	3,261
Cyprus.....					100	17	1,373	154	2,884	425
Egypt.....	322,052	59,042	294,788	22,550	284,370	20,484	265,835	19,618	95,332	8,945
Ga a.....	13,545	2,437	10,551	1,000	6,794	684	13,824	1,364	5,393	5,563
Goa.....	1,349	601								
Greece.....	545,553	89,092	109,556	7,642	128,163	8,891	105,933	8,053	102,062	8,724
India.....	606,019	122,093	153,261	18,399	198,395	22,800	139,992	13,576	225,785	24,495
Iran.....	28,441	4,949	18,230	1,619	35,496	2,903	35,383	3,399	65,660	5,766
Iraq.....	9,143	1,704	3,625	621	677	116	9,108	75	8,586	1,360
Israel.....	54,227	7,792	12,062	1,048	15,563	1,497	9,108	833	5,083	450
Jordan.....	64,404	7,840	38,636	2,926	16,063	1,341	26,935	1,327	12,760	1,024
Lebanon.....	12,954	1,506	1,234	211	1,313	224	846	142	624	97
Mauritius.....	58	639	11	104	208	36	302	51	325	50
Pakistan.....	132,814	29,741	24,283	2,446	28,873	2,573	37,790	3,794	58,441	6,999
Syria.....	4,161	1,006	1,006	172	1,019	174	37,995	167	58,441	121
Turkey.....	20,645	3,536	9,950	1,037	25,743	2,905	36,919	4,790	53,344	6,115
Yemen.....									16	2

See footnotes at end of table, p. 21.

TABLE 5.—Title III, Public Law 480, foreign donations, shipments, fiscal years 1955-64—Continued

Country	1955-60		1961		1962		1963		1964	
	Pounds	Cost Thousands \$	Pounds	Cost Thousands \$	Pounds	Cost Thousands \$	Pounds	Cost Thousands \$	Pounds	Cost Thousands \$
Far East and Pacific (total).....	2,434,022	\$288,132	Thousand 532,096	Thousand \$45,835	Thousand 483,754	Thousand \$38,911	Thousand 573,631	Thousand \$45,756	Thousand 538,740	Thousand \$44,654
British Solomon Islands.....										
Burma.....	10,435	1,928	1,401	240	73	7	396	33	809	130
Cambodia.....	209	41			1,608	274	2,662	446	1,677	260
China (Taiwan).....	359,720	42,309	123,386	10,849	35	6	61	10	28	4
Fiji.....					86,079	8,296	123,930	7,901	120,298	8,470
Hong Kong.....	201,755	21,325	51,813	5,563	30,249	2,359	32,130	2,702	29,513	2,194
Indonesia.....	29,700	5,187	8,890	1,364	9,216	1,368	21,638	3,497	26,712	3,462
Japan.....	155,571	21,388	16,845	1,621	13,355	1,325	8,608	896	500	78
Korea.....	912,689	103,265	162,618	10,536	169,350	10,187	187,505	10,137	188,118	10,223
Laos.....	208	29	2,732	311	1,068	86	2,854	473	6,927	1,703
Macao.....	8,968	732	8,391	705	6,136	518	5,779	447	9,287	1,182
Malaya (Malaya States).....	10,570	1,750	4,075	430	3,956	436	6,049	1,394	4,977	785
New Guinea, Netherlands.....	495	89	178	30	561	96	310	52		
North Borneo.....	722	133	96	16	341	58	309	53	1,643	218
Philippine Islands.....	180,527	25,973	62,722	6,783	70,602	7,584	88,706	9,847	76,737	10,346
Ryukyu Islands (Okinawa).....	47,630	5,838	31,042	2,560	29,765	2,084	23,843	1,954	33,084	2,583
Sarawak.....	4,735	882	127	22	468	62	1,679	158	2,135	241
Singapore.....	3,740	442	2,244	215	2,432	232	2,236	321	3,314	420
Thailand.....	1,865	335	362	62	806	138	749	125	557	87
Tango Islands.....									164	13
Vietnam.....	504,423	56,485	55,174	4,528	57,654	3,795	64,187	5,340	32,183	2,241
Latin America (total).....	810,614	120,192	292,273	28,203	474,367	39,752	2728,677	281,740	837,848	117,984
Antigua.....	1,786	323	397	68	293	50	234	39	78	12
Bahama Islands.....	905	292								
Bolivia.....	24,147	5,903	4,243	425	8,400	780	23,629	3,678	27,023	5,063
Brazil.....	101,304	18,229	28,737	3,217	63,022	6,788	113,160	15,558	124,114	25,915
British Guiana.....	2,297	462	865	148	438	75	348	58	1,704	259
British Honduras.....	3,182	525	1,232	147	2,859	256	3,229	267	2,670	403
Chile.....	267,759	35,370	77,809	7,070	86,204	6,637	52,394	5,481	84,842	9,627
Colombia.....	134,676	21,028	44,926	4,880	96,679	9,125	116,491	11,485	85,700	12,980
Costa Rica.....	2,532	834					230	92	2,581	407
Cuba.....	7,829	632	828	44						
Dominica.....	2,174	346	727	89	806	95	571	67	395	88
Dominican Republic.....					15,987	826	57,065	6,265	54,705	8,164
Ecuador.....	17,835	2,156	8,096	919	20,632	1,838	19,332	2,288	36,885	4,106
El Salvador.....	4,845	1,036	51	51	4,276	276	21,165	2,565	20,042	3,455
French Guiana.....	482	93								
French West Indies.....	514	74								

Grenada.....	766	147	274	38	409	41	613	78	519	69
Guadeloupe.....	759	124	369	34	519	56	491	45	715	78
Guatemala.....	9,412	1,478	3,404	422	8,166	651	8,465	984	23,738	3,020
Haiti.....	36,036	4,180	12,938	1,141	9,624	742	9,471	932	25,821	2,210
Honduras.....	9,635	2,259	2,467	314	2,794	224	3,333	311	4,701	2,707
Jamaica.....	27,172	4,112	6,977	508	11,333	832	17,069	2,007	19,524	3,815
Martinique.....	846	140	313	34	520	64	443	52	525	64
Mexico.....	56,837	4,375	41,424	3,190	83,156	5,143	179,501	14,432	207,210	17,976
Montserrat.....	538	100	35	6	54	9	133	22	54	8
Nicaragua.....	18,168	5,221	2,334	157	7,892	673	12,639	1,412	11,855	1,947
Panama.....	14,171	1,582	2,308	395	2,621	394	5,498	746	6,156	1,782
Paraguay.....	54,444	7,574	12,352	1,114	10,157	988	9,362	916	10,796	1,655
Peru.....	1,636	292	34,256	3,177	27,037	2,173	20,071	3,835	23,789	3,652
St. Kitts.....	480	88	340	58	229	39	171	29	255	40
St. Lucia.....	1,122	212	190	33	213	36	491	82	170	26
St. Vincent.....	1,963	370	671	115	359	61	247	41	174	27
Surinam.....	1,803	333	448	77	126	22	557	93	854	133
Trinidad and Tobago.....	38	7	66	9	105	7	210	35	73	11
Turks and Caicos Islands.....	2,366	247	2,929	323	3,520	285	5,000	585	8,264	1,017
Uruguay.....	255	48	-----	-----	5,937	546	12,869	1,175	51,873	10,261
Venezuela.....	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Virgin Islands.....	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Total.....	9,163,013	1,384,575	2,358,578	208,194	2,704,101	224,546	2,903,572	277,337	3,038,773	334,604
Number of countries.....	112	112	104	104	110	110	112	112	112	112

¹ Less than \$500.

² Includes \$4,107,000 pounds, costing \$6,077,000 made available to American National Red Cross in connection with Cuban prisoner exchange.

TABLE 6.—*Summary of barter contracts entered into in specified periods.*¹

[In millions of dollars]

Purpose	1954-55 through June 30, 1963	July to December 1963	January to June 1964	Cumulative through June 30, 1964
Stockpile:				
Strategic.....	2 151.5			151.5
Supplemental ³	1,295.0	66.1	15.0	1,376.1
Total stockpile.....	1,446.5	66.1	15.0	1,527.6
Supply: ⁴				
Agency for International Development.....	33.5	8.5	4.1	46.1
Atomic Energy Commission.....	4.5	12.0		16.5
Department of Defense.....	84.2	25.3	38.7	148.2
Total supply.....	122.2	45.8	42.8	210.8
Grand total.....	1,568.7	111.9	57.8	1,738.4

¹ Years beginning July 1: Based on barter operating records.² Adjustments have been made to reflect net transfers of materials valued at \$258,600,000 to supplemental stockpile.³ Materials transferred or to be transferred to supplemental stockpile with reimbursement as provided by sec. 206 of the Agricultural Act of 1956.⁴ Strategic and other materials, equipment, goods and services for other Government agencies. Adjustments have been made to reflect transfers of \$8,830,000 acquired for Atomic Energy Commission and \$4,100,000 acquired for Department of Defense, to the supplemental stockpile from July 1954 through June 1964.

TABLE 7.—Dollar value of commodities programed under title IV, Public Law 480 agreements signed July 1, 1961, through June 30, 1964

[In millions of dollars]

Area and country	Wheat and flour	Feed grains	Rice	Cotton	Tobacco	Dairy product	Oils and oilseeds	Other	Total			
									Market value	Ocean transportation ¹	Market value including ocean transportation	Estimated CCC cost including ocean transportation
Europe:												
Iceland.....	0.6				0.5				1.1	0.2	1.3	1.6
Portugal.....	21.6								21.6	2.5	24.1	36.5
Yugoslavia.....	17.5			42.8			12.5	2.1	74.9	4.6	79.5	118.1
Total.....	39.7			42.8	.5		12.5	2.1	97.6	7.3	104.9	156.2
Africa:												
Ethiopia.....				1.3					1.3	.1	1.4	2.2
Liberia.....	.6	0.8	6.4						7.8	.8	8.6	12.5
Total.....	.6	.8	6.4	1.3					9.1	.9	10.0	14.7
Near East and south Asia:												
Iraq.....	9.7		1.2		2.5			.3	12.5	2.3	14.8	19.6
Syrian Arab Republic.....					.4				1.6	.2	1.8	2.5
Total.....	9.7		1.2		2.9			.3	14.1	2.5	16.6	22.1
Far East and Pacific:												
China (Taiwan).....	.8	.8	6.8	1.4	1.6	.2	11.2		13.8	1.4	15.2	15.3
Ryukyu Islands.....		1.9			2.3		5.0		18.2	2.9	21.1	24.8
Total.....	.8	2.7	6.8	1.4	3.9	.2	16.2		32.0	4.3	36.3	40.1
Latin America:												
Bolivia.....	2.2		.3			.9	.5		3.9	.4	4.3	5.3
Chile.....	20.7	.5		6.7	3.3	2.1	3.1	2.7	39.1	2.8	41.9	58.5
Colombia.....	2.1				1.1		3.0		6.2	.7	6.9	8.1
Dominican Republic.....		.6	12.0		6.0				18.6	1.4	20.0	24.7
Ecuador.....	1.1				1.2		1.2		3.3	.2	3.5	4.3
El Salvador.....	1.8								1.8	.2	2.0	2.8
Paraguay.....		.1							.1		.1	.1
Peru.....		5.8					1.8		1.8	.2	2.0	2.0
Venezuela ²				2.7					13.1	.8	13.9	16.5
Total.....	27.9	7.0	12.3	9.4	11.6	3.0	9.6	2.7	88.1	6.8	94.9	122.3
Grand total ³	78.7	10.5	26.7	54.9	18.9	3.2	38.3	5.1	240.9	21.8	262.7	355.4

See footnotes at end of table, p. 24.

1 Includes ocean transportation to be financed by CCC.
 2 Excludes canceled November 1961 agreement. Includes amendment of June 18, 1962, which provides for increasing total value including ocean transportation by any amount up to \$5,000,000, which may be applied in any proportion to the following commodities: grain and grain products, dairy products, fats and oils, dry edible beans and peas, livestock products, and fruits and vegetables.
 3 Not necessarily complete for all commodities. See footnote 2.
 4 See the following:

	Millions*
Corn.....	\$9.6
Mixed livestock feed.....	.9
Total.....	10.5
See the following:	
Nonfat dry milk.....	.5
Anhydrous milk fat and/or butter fat.....	1.6
Condensed milk.....	.9
Evaporated milk.....	.2
Total.....	3.2

See the following:	Millions*
Lard.....	\$0.3
Tallow.....	4.6
Cottonseed and/or soybean oil.....	17.6
Soybeans.....	13.3
Soybean meal.....	2.5
Total.....	38.3
See the following:	
Beef.....	2.2
Beans.....	2.1
Seeds.....	.5
Poultry.....	.3
Total.....	5.1

SECTION-BY-SECTION EXPLANATION

Public Law 480 amendments

Section 1 of the bill, as amended by the committee makes a number of amendments to Public Law 480, 83d Congress.

Exchange rates.—Paragraph (1) amends section 101(f) of Public Law 480 to assure that in connection with the sale of title I commodities for foreign currencies realistic exchange rates will be obtained. Section 101(f) as added by the Agricultural Act of 1961 required the President to obtain exchange rates on title I sales which were not less favorable to the United States than the rates at which U.S. Government agencies could buy currencies from U.S. disbursing officers. The purpose of section 101(f) was to obtain realistic exchange rates so that the amount of foreign currency received would truly represent the value of the commodities sold. If the United States receives foreign currencies which purport to reflect the value of the commodities, but which, because of the exchange rate agreed upon, represent only a fraction of the value of the commodities, the sale does not present a true picture of the transaction.

In addition, Congress has spelled out the types of aid to which the foreign currencies may be put. Grants, particularly, have been subject to congressional appropriation control, unless the President has exercised a statutory waiver authority. Paragraph (8) of section 1 of this bill repeals that waiver authority and provides greater congressional control over the uses of these foreign currencies. But the statutory safeguards and congressional control can be applied only to foreign currencies. Any concession that is received as a result of unrealistic exchange rates is not subject to these controls. Such a concession may result in a consumer subsidy, a processor subsidy, or a general grant, with no restrictions, to the importing country.

After section 101(f) was added to the law the rate at which the U.S. Government agencies could buy the foreign currencies of two countries was reduced to the unrealistic low rate at which title I commodities were being sold. This, of course, was not the intention of section 101(f). It was designed to raise the exchange rates on title I sales, not to reduce the rates on sales to Government agencies.

In order to correct this situation Congress amended section 101(f) last year to require the President to obtain exchange rates not less favorable than the highest exchange rates legally obtainable from the Government or agencies thereof in the respective countries. This new provision has also been the subject of differing constructions, some agencies interpreting it as requiring the use of the highest rate that is legal for any purpose, while others have suggested that it means the legal rate for comparable transactions. It is very difficult to obtain language that is not open to some loophole, but the committee amendment contains the tightest language that the House Committee on Agriculture and this committee have been able to develop. Section 101(f), as amended by the committee amendment, provides that we will receive the highest rate legally obtainable from anyone, whether Government agency or not, and a rate that is not less favorable than the highest rate obtainable by any other nation.

Convertibility.—Paragraph (2) would add a new section 101(g) to the act to require that foreign currencies received from title I sales be convertible to dollars to the maximum extent consistent with the

circumstances in each case. The United States should obtain payment in convertible currency to the extent that that is possible and consistent with the purposes of the act, eventually so that title I sales may as rapidly as is feasible be transformed into regular commercial trade.

Ocean freight charges.—Paragraph (3) amends section 102 of the act by providing that the Commodity Credit Corporation finance only that part of the ocean freight charges on commodities transported in U.S.-flag vessels, pursuant to the Cargo Preference Act, which is higher than the world rate.

The U.S.-flagship owners should look to the receiving countries for the basic charges.

It is an almost unbelievable fact that the Department's estimate of \$1,042,200,000 for financing the ocean transportation of U.S. agricultural commodities which it has sold or contracted to sell under title I of Public Law 480 is greater than the total amount received by CCC to date from the proceeds of such sales (\$907 million). Thus the estimated freight bill financed by CCC exceeds the amount of the proceeds received by CCC by approximately \$135 million.

Under the Cargo Preference Act, at least 50 percent of the commodities shipped must move in American bottoms. The freight rates charged by American-flag ships are twice as much, or more, as the rates charged for shipment in foreign bottoms. It has been the practice of the United States to pay the American ship line the total freight bill in U.S. dollars, which is then added to the cost of the commodities. The recipient countries, however, pay in foreign currency only the amount of freight which would have been paid for shipment in their own or other foreign country flag ships. The recipient countries favor shipping in U.S. bottoms as it permits them to add the ocean transportation costs to the sales proceeds, the greatest percentage of which is then loaned or granted back to them. In a number of countries, this practice also contributes to the problems of "excess currencies." It would seemingly be more practical for the United States to pay only the freight differential in dollars and have the shipowners collect the currency of the recipient country for the balance. Consideration also should be given to having the freight differential paid by the appropriate agency concerned with shipping, so that this subsidy could be coordinated with the shipping subsidy differential directly appropriated by Congress. The ocean transportation charges now added to the price of the commodities, cumulatively, represent approximately 12½ of their value.

Budget treatment.—Paragraph (4) requires that when the budget is presented to the Congress by the President, expenditures under Public Law 480 shall be classified as expenditures for international affairs and finance rather than for agriculture and agricultural resources.

The committee has long felt that appropriations charged to agriculture are overstated in a number of ways because the use of the funds relate not only to costs of farm drograms but to programs that are for the general welfare. Expenditures under Public Law 480 are clearly expenditures for international affairs and should be so classified.

Title I authorization.—Paragraph (5) authorizes arguments to be entered into under title I during the 2-year period 1965-66 in an amount which does not call for appropriation to reimburse CCC in a total amount in excess of \$2.7 billion plus the unused authorization

from prior years and limits agreements during each of the 2 years to not more than \$2.5 billion.

The new \$2.7 billion authorization for title I sales, plus an estimated \$1.3 billion in unused previous authorizations and reimbursements from other agencies, the agreements signed under title I may equal the average of the past several years.

The committee felt that both the size and importance of this program required constant and close review and therefore limited the extension of both titles I and II to 2 years.

Proposed legislation submitted by the Secretary of Agriculture would have included a provision authorizing agreements to be entered into in an additional amount equal to amounts received in U.S. dollars as loan repayments or as reimbursements from other agencies. The committee dropped this provision as not being necessary, since the Department has advised the committee that the authority to use loan repayments for entering into additional agreements was of only limited importance and since the authority to use reimbursements from other agencies to enter into additional agreements is already clearly authorized by law.

Internal security.—Paragraph (6) amends section 104(c) to make specific provision for the use of foreign currencies for internal security. Section 104(c) of the law authorized the use of foreign currencies to procure military equipment, materials, facilities, and services for the common defense.

Paragraph (6) amends section 104(c) to authorize the use of foreign currencies to procure equipment, materials, facilities, and services for the common defense, including internal security.

This additional authority makes it clear that foreign currencies can be used for activities conducted by either civilian or military organizations in support of counterinsurgency programs, such as the Vietnam strategic hamlet program, and other activities vital to counteract Communist-inspired subversion and insurgency.

Cooley loans.—Paragraph (7) amends section 104(e) of the act to strike out the 25-percent maximum limit previously imposed on the use of currencies generated from title I sales for so-called cooley loans (loans to U.S. business firms for business development and trade expansion in friendly countries and loans to foreign firms engaged in further utilization of U.S. agricultural products). The committee feels that private business can and should play a much greater role in the economic development of friendly countries being assisted by Public Law 480 title I programs, and it insists that a substantially larger percentage of the foreign currency proceeds from such sales be utilized for loans to private business to accomplish such objectives.

Section 104(e) of Public Law 480 formerly provided that "not more than 25 percent" of the proceeds of title I sales "shall be available for" loans to private U.S. business for use in economic development in recipient countries and to other private businesses for development of the U.S. agricultural markets. The statistical analysis of the administration of this section indicates that since 1957, out of \$5,728,655,000 title I sales only \$405,675,000 (7.08 percent) as of December 31, 1963, had been set aside for this purpose and of this amount only \$179,300,000 (3.1 percent) had actually been lent as of that date. This record is not responsive to the committee's original expectations

and not consistent with the policy of the administration to encourage economic development through private enterprise.

The committee expects the responsible agency to accept, tabulate, and process all properly executed loan applications for Cooley funds. The responsible agency shall then take whatever steps necessary to provide the funds needed to satisfy all loan requests which are likely to bring about "business development and trade expansion" in the recipient countries and which the agency, applying normal commercial banking standards, has reasonable assurance will be repaid.

The committee notes that the AID agency has established the policy that in some countries Cooley funds are to be available only for fixed investments and not for working capital requirements. Loans for working capital requirements of existing productive facilities, especially in the countries of Latin America, where it is difficult to obtain funds on reasonable terms, contributes greatly to economic development. The committee is informed that the aforementioned AID agency policy has been necessitated by an insufficient amount of local currency being allocated for Cooley loans. It will, therefore, be necessary for the responsible agency to establish an adequate reserve of Cooley funds to meet the requirements—both for fixed assets investment and working capital needs—reasonably to be anticipated in each recipient country.

Congressional control over grants and loan payments.—Paragraph (8) amends section 104 of the act to require congressional appropriation authority to make outright grants of U.S.-owned foreign currencies which have been generated by title I sales of U.S. agricultural commodities and also to require appropriation authority for the use of foreign currencies derived from payment of interest or repayments of principal on loans made under this section.

From the inception of the act through December 31, 1963, approximately the equivalent of \$2.5 billion or 25.7 percent of the total foreign currency proceeds from title I sales have been granted away, all without congressional appropriation sanction.

The purpose of this amendment is to provide the same degree of control over grants of U.S.-owned foreign currencies as is provided in the regular foreign assistance legislation over dollar grants; also to coordinate all foreign assistance grants and to assure that grants of foreign currencies are used in place of dollar grants rather than being supplementary thereto. Further the making of such grants subject to congressional appropriation control will not only require that such grants be justified before a congressional committee but will also have the effect of reimbursing the Department of Agriculture in part for the cost of the commodities, the sale of which generated the currencies in question.

The requirement that foreign currencies derived from interest payments or repayments of principal on Public Law 480 loans be subject to congressional appropriation control, likewise, places the same requirement on such foreign currencies as are placed on dollar appropriations in the regular foreign assistance legislation. Once the interest or loan repayment is made the currencies no longer are restricted by the provisions of the original sale agreements and accordingly should be treated as any other U.S.-owned currency.

Restriction on U.S. uses.—Paragraph (9) prohibits the imposition of any restrictions, other than those contained in the act, on the use

by U.S. agencies of foreign currencies reserved for U.S. uses. Foreign currencies reserved for such uses should be freely available to meet the requirements of U.S. agencies in the purchasing country, and particularly to meet any obligations of U.S. agencies to the Government of the purchasing country. Paragraph (9) would prohibit the imposition of any such restrictions in the agreement; and would further provide that if the foreign currency is not legal tender for the payment of any particular obligation to any agency of the purchasing country, the agreement must provide for converting such currency into a currency which can be used to pay such obligation. Thus, for example, charges for use of the Suez Canal are required to be paid in convertible currencies. Any agreement hereafter made with the United Arab Republic must provide for some arrangement under which the Egyptian pounds can either be used to pay such charges when incurred by Government agencies, or be converted into currencies which can be used to pay such charges.

Presidential reports.—Paragraph (10) amends section 108 to require the filing of a report on the activities under Public Law 480 once each year rather than every 6 months.

Title II authorization.—Paragraph (11) extends title II authorizations for a period of 2 years until December 31, 1966, and provides for an increase in the annual title II authorization to \$375 million compared with the present \$300 million, plus, as at present, the unused authorization for the preceding year.

In addition, this paragraph would extend to title III and related shipments the authority, which is now provided for title II shipments, to pay general average contributions from title II funds. Under general average arrangements, risks and losses to a vessel and its cargo are distributed in proportion to the value of the vessel, the cargo and the freight to be earned.

Extension of titles I and II.—Paragraph (12) extends titles I and II through 1966. They would otherwise expire on December 31 of this year.

Interest rates on title IV sales.—Paragraph (13) amends section 403 of title IV of the act to require that credit extended for the purchase of surplus agricultural commodities under this title shall bear interest at such rate as the Secretary may determine but not less than the cost of the funds to the U.S. Treasury. ✓

At the present time title IV provides for interest at not more than the cost to the Treasury. The committee feels that it is not asking too much for the importing countries to pay the cost of money to the U.S. Treasury.

Foreign currency sales to U.S. citizens.—Section 2 provides that sales to U.S. citizens may be included among the uses for foreign currencies provided for by title I sales agreements. Section 612(b) of the Foreign Assistance Act now authorizes the sale to U.S. citizens of foreign currencies where such sale is not prohibited by the agreement with the foreign country. By including such sales among the purposes specified in section 104 of the act, it is hoped that title I agreements will provide for such sales to the maximum extent possible.

Section 2 also amends section 612(b) of the Foreign Assistance Act of 1961 by redesignating it as section 104(t) of Public Law 480 and by providing that the dollars received from the sale of title I foreign currencies to U.S. citizens for travel and other purposes be deposited

to the account of the Commodity Credit Corporation, rather than to miscellaneous receipts in the Treasury. The term "U.S. citizens" as used in this provision includes U.S. corporations operating abroad and U.S. voluntary agencies (such as CARE), as well as U.S. religious groups.

Extra-long-staple cotton export sales.—Section 3 directs the Commodity Credit Corporation to sell or otherwise make available surplus extra-long-staple cotton at prices not above those of other exporting countries.

Extra-long-staple cotton is a specialty cotton grown primarily in Arizona, New Mexico, and west Texas.

U.S. producers of this cotton organized the SuPima Association of America to stabilize the industry and develop a growing market for their product. The promotion program is voluntarily financed by farmers in an amount equaling more than 1 percent of the gross value of their production.

In order to make their cotton competitive, growers have twice asked Congress to lower their price support. As a result of the SuPima program, consumption of extra long staple more than doubled from 1958 to 1961, reaching almost 100,000 bales.

Extra-long staple cotton plays an important role in the economy of the areas where it is grown. It provides about \$40 million annually in new wealth, to say nothing of the subsequent income created by its movement through the market.

For the first time in the last 10 years, this cotton is in surplus supply in the United States.

Imports of 85,000 bales annually (the amount of the import quota) mean that U.S. farmers are the residual suppliers in the American market. Since foreign producing countries undercut the American price in its own market, U.S. farmers must make the full adjustment to meet changes in the domestic demand.

At the present time total stocks of extra-long staple cotton amount to approximately 299,000 bales, of which 105,000 is so-called stockpile cotton. CCC stocks of American-Egyptian cotton amount to about 133,000 bales in which they have about \$35 million invested.

To dispose of this surplus entirely by an acreage reduction would so drastically curtail production that farmers would be unable to operate efficiently. Growers, therefore, proposed a joint Government-farmer program to remedy the difficulty.

They asked the Department of Agriculture to export at least 125,000 bales by August 1, 1965. The Department has three ways to do this either singly or in combination—barter, financing under Public Law 480, or an export subsidy. The cost of the export program would be the equivalent of about 3 years' carrying charges.

Outside the United States, the supply situation is the reverse of what it is here. Demand is greater than the supply and prices have risen rather sharply. This is a most ideal time to export the U.S. surplus to foreign markets.

Producers recognize that some reduction in acreage may be necessary, but even in the face of this, they were willing to take a lower price support in an effort to encourage consumption. The Department of Agriculture has already announced a reduction in the price support on the 1964 crop of 7.5 percent below the level for the 1963 crop.

Inasmuch as American upland cotton is presently being exported with Government help, the committee felt it only fair to extend the same privilege to the producers of extra-long staple cotton.

DEPARTMENTAL VIEWS

DEPARTMENT OF AGRICULTURE,
Washington, D.C., February 18, 1964.

HON. CARL HAYDEN,
President pro tempore,
U.S. Senate.

DEAR SENATOR HAYDEN: One of the deep satisfactions that come to me as Secretary of Agriculture is the fact that I am able to play a part in carrying forward our Nation's highly successful agricultural export program under Public Law 480. I know that many of my friends in Congress feel exactly the same way.

Public Law 480 currently is making a greater contribution than at any time in its nearly 10 years of operation. Shipments of U.S. agricultural products under the program reached an alltime high record of more than \$1.6 billion, export market value, in calendar year 1963. Not only are such shipments putting food and fiber into the hands of needy foreign friends and accelerating their growth programs, but also they effectively serve our farm and business communities by building future foreign markets for our efficiently produced abundance. Hundreds of thousands of jobs on our farms and in our towns and cities depend wholly or substantially on the production, processing, transporting, and related activities brought about by Public Law 480.

The programs, operating in more than 100 nations, have begun to make a contribution to economic growth that is even more dramatic. More than half a million workers in 19 countries are paid directly in U.S. food under Public Law 480 food-for-work programs. Many thousands more are employed as a direct result of the use of local currencies for economic development projects.

Titles I and II of the Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law 480, 83d Cong.), are authorized through the remainder of this calendar year. I am enclosing a draft of a proposed bill to extend these authorities.

It is proposed that (1) the authority to enter into agreements under title I be extended 5 calendar years through December 31, 1969, and increased by \$7.1 billion for the 5-year period with a limitation of \$2.5 billion in any calendar year with provision for the carryover of uncommitted authorizations from prior years, (2) the use of foreign currencies be authorized for procurement of equipment, materials, facilities, and services for internal security programs, in addition to the military categories presently authorized for the common defense, (3) the existing 25-percent limitation on loans to private business firms be eliminated, (4) authorization be included for the sale of title I currencies for dollars to voluntary agencies and to U.S.-flag vessels for payment of certain expenses incurred under the act, (5) the requirement of reports on activities under the act be changed from every 6 months to each year, and (6) the title II authority be increased to \$450 million for each of the calendar years 1965 through 1969 and authority to make general average contributions be extended to title III and related shipments.

Title I of Public Law 480 authorizes the President to enter into agreements with friendly nations or organizations of friendly nations to provide for the sale of surplus agricultural commodities for foreign currencies. Congressional authorizations for the 5-year period January 1, 1960, through December 31, 1964, total \$9.5 billion, with a maximum of \$2.5 billion during each of the calendar years 1961 through 1964. Programing for the past 5 years resulted in costs to the Commodity Credit Corporation of approximately \$9 billion. However, it is anticipated that dollar reimbursements to the Commodity Credit Corporation from other agencies of the U.S. Government as a result of loan repayments and sales of title I currencies will provide approximately \$1 billion so that authorization of further appropriations of \$7.1 billion plus carryover of uncommitted authorizations will be sufficient. Public Law 87-128 which extended title I authority through December 31, 1964, did not include the provision for the carryover of uncommitted authorizations from prior years which had been included in previous extensions of title I. The enclosed draft of a proposed bill requests that this provision be restored to eliminate administrative and accounting problems which have resulted.

The request for a 5-year extension of the title I program is presented to permit continuation of orderly programing and shipment of agricultural surplus to food and fiber deficit areas of the world, principally less developed nations. Enactment of the proposal will facilitate efforts to make maximum utilization of our agricultural abundance under the food-for-peace program and to continue to negotiate agreements on a long-term basis where there are opportunities to program commodities and it is in the interest of American agriculture to do so.

The foreign currency uses now include authorization for procurement of military equipment, materials, facilities, and services for the common defense. In order to make clear that this authority can be used for activities in support of counterinsurgency programs, such as the Vietnam strategic hamlet program, and other activities vital to counteract Communist-inspired subversion and insurgency, we are requesting that the authority be changed to delete reference to "military" goods and services and to make explicit that the authority may be used to procure any goods and services necessary for the "common defense" including within that concept "internal security programs."

Public Law 480 now provides a limit of 25 percent on the amount of foreign currency that can be set aside in each agreement for loans to private business firms. There may be occasions when it would be beneficial to the developing countries and to the United States to provide for a larger share of title I currency for this purpose.

Amendment of section 104 is requested to provide for the sale of title I foreign currencies to U.S. voluntary agencies for use in paying expenses abroad in connection with the distribution of donated commodities and to U.S.-flag vessels for use in paying port fees, unloading, lightering, and other charges at destination in connection with the carrying of Public Law 480 cargo. It is now necessary for these users to purchase foreign currencies abroad to pay these expenses and the sale of title I currencies for this purpose would represent a dollar saving to the United States in countries where it is not necessary to purchase currencies to meet other U.S. obligations. This amendment would facilitate the negotiation of agreements providing for the use of funds for these purposes.

The act provides that a report on activities be made every 6 months. The 19th semiannual report now in preparation, as well as the several immediately preceding reports, reveal that these summaries of statistics and factual information will serve the purpose at considerably lower cost if they are submitted annually. Additional timely information is made available to the committees, Congress, and the public as it becomes available and is most useful.

In order to permit continuation of useful activities which have been possible under title II of Public Law 480 (relating to famine relief and other assistance), it is proposed that this authority be extended for 5 calendar years through December 31, 1969. It is also proposed that the authorization be increased to \$450 million per calendar year. This amount along with uncommitted authorizations from prior years will provide for an expansion in the economic and community development programs authorized under section 202. The current authorization for title II programs is \$300 million per calendar year. However, by utilizing uncommitted authorizations from prior years, programing for fiscal year 1963 was at a rate of \$354 million. Section 203 of Public Law 480 also authorizes the use of title II funds to pay certain transportation costs on commodities donated under section 416 of the Agricultural Act of 1949, as amended, and authorizes the payment of charges for general average contributions from title II funds. It is proposed that language be inserted to extend the authority for the payment of charges for general average contributions to commodities donated under section 416 and related statutes when title II funds are used to pay ocean freight charges.

With the possible exception of the increasing operations under title II, enactment of the proposed legislation would result in no increase in employment or administrative costs in the fiscal year 1965. The program cost of \$1.5 billion estimated for the fiscal year 1965 takes into account the proposed amendments.

The Bureau of the Budget advises that enactment of the proposed legislation would be in accord with the program of the President.

A similar letter is being sent to the Speaker of the House of Representatives.

Sincerely yours,

ORVILLE L. FREEMAN, *Secretary.*

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, D.C., June 16, 1964.

B-140093.

HON. ALLEN J. ELLENDER,
Chairman, Committee on Agriculture and Forestry,
U.S. Senate.

DEAR MR. CHAIRMAN: Your letter of May 18, 1964, requests our comments on S. 2687, which would extend the Agricultural Trade Development and Assistance Act of 1954, as amended, 22 U.S.C. 1922 (hereinafter referred to as "Public Law 480"), and make certain amendments thereto.

The extension of Public Law 480 involves matters of policy which are primarily for determination by the Congress and ones on which we have no recommendations to make. We do have some comments,

however, as a result of our reviews of Public Law 480 and foreign assistance programs which we believe warrant serious consideration by the Congress.

Section 3 of S. 2687 would amend section 103(b) of Public Law 480 to provide that agreements for the sale of surplus agricultural commodities under title I shall not be entered into which call for appropriations to reimburse Commodity Credit Corporation (CCC) in an amount in excess of \$7.1 billion in the 5-year period starting January 1, 1965, in addition to unused authorizations from prior years. Agreements during any one of such 5 years may not be entered into which would call for appropriations to reimburse CCC in an amount in excess of \$2.5 billion. However, these limits can be exceeded by the amount of loan repayments received in dollars under title I or certain dollar amounts received as reimbursements from other agencies for the purchase of foreign currencies.

Data submitted by the executive branch indicates that the foregoing authorization is designed to permit commodities in the amount of \$9 billion, including associated costs, to be sold under title I in the 5-year period. As far as we have been able to determine, the data submitted to the Congress justified this amount solely on estimates that annual sales will be reached during 1965-69 in the same volume as the annual level of title I sales for the past 5 years. Once this total amount is authorized the proposed title I sales, programs of the executive agencies are not subjected to annual appropriation reviews by the Congress. Annual appropriations are made by the Congress, however, based on estimates of amounts necessary to reimburse the Commodity Credit Corporation for the commodities to be shipped abroad under the title I program during the budget year and for prior year costs not previously reimbursed.

Under this arrangement the executive branch has almost unlimited discretion within the \$9 billion ceiling, to determine such matters as the countries with whom sales agreements will be made, the amounts of surplus agricultural commodities that will be sold in each country and the type of commodities to be included in the sales. In addition, the executive branch has wide latitude in determining the conditions of sale in such matters, such as whether sales of surplus commodities will be for local currency, U.S. dollars, or long-term credits; the amounts of sales proceeds to be made available for loans or grants to the recipient country; and the amounts of sales proceeds which will be made available for U.S. uses.

It is evident that Public Law 480 title I sales of surplus agricultural commodities are not strictly commercial transactions since the sales proceeds which accrue to the United States are in the local currencies of the recipient country, most of which are given back to the country in the form of loans or grants. Such "sales" are but one part of the total program of economic assistance provided to achieve U.S. foreign policy objectives. However, no equivalent degree of congressional review exists over the programs and conditions under which surplus agricultural commodities are provided to foreign countries similar to that which exists over other elements of the foreign assistance program. Since such commodities are an integral part of the foreign assistance program and provide resources for economic development and other purposes which differ only in composition from the other kinds of resources provided to these countries under foreign assistance legisla-

tion, the Congress may wish to consider the desirability of requiring the executive agencies to submit annual justifications, as part of the appropriation process, for the sales programs which are proposed under title I, taking into account such matters as the ability of the recipient countries to procure the commodities with dollars or on long-term credit, the extent of foreign currencies currently being held by the United States in these countries, the extent to which additional title I sales would increase such holdings and the purposes for which the local currencies would be used. This could be accomplished by substituting the language "not to exceed \$2,500,000,000 provided annually in appropriation acts," for the phrase "in excess of \$2,500,000,000" in line 19, page 2, of S. 2687. In this manner, the Congress would be in a position to (1) evaluate the economic assistance being furnished in the form of surplus agricultural commodities in the light of other types of assistance being provided, (2) consider the impact of the Public Law 480 program on the overall program of the United States to achieve its economic and political objectives in each of the recipient countries, and (3) assure optimum movement abroad of surplus agricultural commodities.

The foregoing would appear to be especially pertinent in light of the following considerations:

1. Very large amounts of local currencies have accrued in many countries from title I sales which are excess to any foreseeable needs of the United States and which may present considerable difficulties to the countries concerned. Continued accumulation of such excesses under the broad authority proposed to be given to the executive agencies to provide additional commodities to foreign countries and incur additional associated costs totaling \$9 billion may compound these difficulties. The following table shows the trend of U.S. holdings of local currencies in countries which have been determined to be excess currency countries.

Country and currency	Equivalent value in millions of dollars, at the then current rate of exchange		
	June 1961	June 1962	June 1963
India (rupees).....	\$977	\$1,022	\$1,010
Poland (zlotys).....	349	393	442
Yugoslavia (dinars).....	104	178	279
United Arab Republic (pounds).....	129	156	211
Pakistan (rupees).....	209	165	190
Israel (pounds).....	72	47	68
Burma (kyats).....	37	33	32
Indonesia (rupiah).....	78	96	121

Change in exchange rate during fiscal year 1963 caused \$130,000,000 decrease.

2. Public Law 480 exports of farm products during fiscal year 1963 account for 30 percent of the total agricultural exports of the United States. They represent 76 percent of all wheat exported, 21 percent of total edible vegetable oil exports, 58 percent of total milled rice exports, and 34 percent of all cotton exports. This large volume of agricultural commodity movements under Public Law 480 presents a danger of displacing normal commercial dollar sales and a consequent adverse effect on the U.S. balance-of-payments position.

3. The executive agencies have pointed out that the Public Law 480 programs have operated to develop commercial markets in countries which heretofore have not deemed it desirable to procure U.S. farm products. Increasing dollar purchases of wheat by Japan and of soybean oil by Spain have been cited as outstanding examples. However, the continued programming of title I sales to such countries as India, Pakistan, and the United Arab Republic is not likely to develop commercial dollar markets. While the executive agencies are aware of this problem and have developed elaborate mechanisms for considering these matters at the time sales agreements are negotiated, the Congress may feel it desirable to undertake annual reviews of the agencies' plans and programs in this respect.

4. Title I foreign currency sales agreements, since the start of the program, have involved about \$14 billion. Title IV sales agreements which involve dollar payments by foreign governments have amounted to about \$236 million. The proposed authorization of \$9 billion is premised on annual sales agreements at about the same level as in the preceding 5-year period. The Congress may want to consider the desirability of annual reviews of the agricultural sales programs to assure the proposed level of local currency sales does not overlook the possibility of maximizing dollar commercial sales and that such level is in consonance with the objective of moving the Public Law 480 program toward increasing use of title IV dollar sales.

5. In recent years congressional attention has been focused on the desirability of reviewing U.S. economic assistance to foreign countries in light of the countries' own efforts to develop their economies. Foreign assistance legislation has, in the past, required the development of plans by U.S. agencies for the phase down of U.S. assistance as the foreign economies improve and U.S. economic assistance attains its objective of helping the recipient countries to become self-sufficient. Proposed surplus agricultural commodity assistance, since it is an integral part of economic assistance being furnished foreign countries, could well be considered by the Congress as coming within the same objective and subject to the same annual scrutiny. In this respect, we have noted in some of the reviews we now have underway that certain AID missions are treating commodities available under Public Law 480 as but one type of economic resource being furnished to the country to assist it in its economic development and undertake negotiations with the country for additional quantities of Public Law 480 commodities in light of the programs which the country itself has undertaken to achieve self-sufficiency. Under these circumstances, Public Law 480 sales agreements are used as a lever to increase the pace of country agricultural development and to hasten the time when title I local currency sales can be eliminated. In other countries, we noted little effort on the part of AID in this direction and as a result the underdeveloped countries seem to feel that foreign import requirements will be met for the indefinite future through Public Law 480 transactions. The authorization of an annual level of title I, Public Law 480, operations for the subsequent 5-year period at the same level as the preceding levels without an annual review by the Congress would appear to do little to alter the attitude of these countries and alleviate the pressure on the executive agencies to provide additional quantities of Public Law 480 commodities.

Section 11 of S. 2687 would add a new section 309 to Public Law 480, which appears to have the objective of establishing tighter annual congressional review and control over certain sections of Public Law 480 by requiring the submission of data in the annual budget to (1) show that maximum use is being made of surplus commodities and foreign currency proceeds to carry out programs that would otherwise require appropriated funds; (2) justify annual surplus commodity programs in terms of the need for and intended use of U.S.-owned foreign currency; and (3) justify agreements that would generate foreign currencies over and above these requirements. These objectives are generally in line with those we have delineated above. The proposed amendment contains a number of requirements for the submission of detailed information deemed necessary to carry out these objectives. In addition, section 309 would provide for annual submission of estimates of the value of commodities to be covered by sales agreements or grants negotiated or made under titles I and IV and section 202 of Public Law 480 during each fiscal year and limits the amount of agreements which can be entered into to such estimates.

A number of reviews we have performed bear out the need for improved controls to assure maximum utilization of foreign currency proceeds in lieu of U.S. dollars. For example, we reported to the Congress in October 1962 (B-146749), that dollar expenditures abroad could be reduced if better use were made of U.S.-owned local currencies. In addition, congressional hearings in November 1963 disclosed that substantial dollar expenditures had been made by the United States in India to finance the purchase of goods for other friendly countries when at the same time substantial amounts of Indian currency were available for U.S. use.

Although we agree with the objectives embodied in the proposed section 309, it appears that the prescribed methods of accumulating and reporting data, and imposing program limitations, might not effectively achieve these objectives. However, data is readily available within the executive departments which would permit the compilation of meaningful information on country programs in terms of the commodity needs of the countries, the level and type of commodity assistance being proposed and the availability and utilization of local currencies in each of the countries securing assistance under Public Law 480.

We believe, therefore, that objectives such as those sought in the proposed amendment could be achieved by requiring submission to the Congress in support of the annual budget of the following types of data for each country involved in surplus commodity programs:

- (1) For each fiscal year, the amounts of proposed sales agreements under Public Law 480 together with the justification for entering into these agreements. The justification should include sufficient information on economic conditions in the country, including country agricultural commodity requirements, local production, normal commercial procurements from the United States and other countries, foreign exchange holdings, and such other economic data as would permit an evaluation of the need for the level and type of assistance being proposed.,

- (2) Historical data regarding sales agreements entered into and commodities furnished in prior years. This information would be useful in permitting the Congress to detect trends and ascertain

progress being made toward achieving congressional intent to shift emphasis of programs from local currency sales to dollar sales and to phase down programs as country economic conditions improve.

(3) The extent of foreign currencies generated from U.S. dollar programs and surplus commodity programs, in sufficient detail to show the program origin of the funds and the agreed purposes for which they may be used.

(4) Projected amounts of generation and proposed usage of foreign currency, by source and application, during the budgeted fiscal year. Should proposed agreements result in accrual of foreign currencies which cannot be used within the foreseeable future, the reasons for entering into such agreements.

(5) Actual dollar expenditures by U.S. agencies in such country during the preceding fiscal year, together with an analysis of reasons why available foreign currency was not used in lieu of dollars.

(6) Proposed dollar expenditures of U.S. agencies in each country for the budgeted fiscal year, together with an analysis of reasons why available or projected generations of foreign currency is not proposed for use in lieu of dollars.

Submission of the above data would permit the Congress to subject Public Law 480 programs to the same type of analysis as is required for proposed economic and military assistance programs. If considered in conjunction with data now submitted for those programs, the Congress would be in a position to evaluate assistance in the form of surplus agricultural commodities in light of other types of assistance being provided, and to evaluate the impact of the Public Law 480 program on the overall U.S. program for achievement of economic and political objectives in each of the recipient countries.

We also believe that the Congress may wish to consider the adoption of language similar to that included in section 634 of the Foreign Assistance Act of 1961, as amended, which requires the administration to notify appropriate congressional committees of significant changes to programs as previously submitted and justified in lieu of the last sentence of section 309 which would restrict the administration to the detailed budget estimates. This provides the administration with the flexibility it believes necessary to carry out foreign policy while permitting the Congress to evaluate the need for any significant changes to original plans and programs.

S. 2687 would amend section 104(c) of Public Law 480 to authorize the use of foreign currencies to procure equipment, material, facilities, and services for the common defense including internal security. Section 104(c) presently contains authorization for such use to procure military equipment, materials, facilities, and services for the common defense.

U.S.-owned local currencies have been provided for military budget support purposes in six countries under section 104(c) (Taiwan, Iran, Korea, Pakistan, Turkey, and Vietnam) and for military base construction and mapping services in a number of these and other countries. These programs have been justified as necessary to support large military forces which these countries cannot support from their own resources.

Our review of military budget support programs carried out with section 104(c) funds by the Department of Defense have disclosed significant deficiencies in programing and administration. Foreign currencies in some instances have been made available without regard to actual need, funds have been released for general purposes and have been merged with country funds instead of being identified with specific projects of priority need, and reviews by U.S. agencies of the actual usage of funds have been incomplete and ineffective.

The fiscal year 1965 budget presentation to the Congress shows that the Agency for International Development presently administers programs in about 30 countries relating to internal security, including counterinsurgency and paramilitary operations. U.S. dollar funds totaling about \$84 million are estimated for expenditure on these programs through June 30, 1964, and about \$20 million is proposed for fiscal year 1965.

The proposed amendment to section 104(c) would permit the use of foreign currency generated under Public Law 480 to meet local operating and maintenance costs of internal security forces that are now being almost completely financed by recipient countries. Only a few of the countries with AID-supported internal security programs have been supported to any extent with U.S.-owned foreign currencies and, with the exception of Vietnam and Indonesia, foreign currency amounts have been relatively small. In Vietnam, counterinsurgency programs have been jointly financed by the United States and Vietnam, and U.S. foreign currencies used have been generated by cash grants and a commodity import program. In Indonesia, U.S.-owned foreign currency has been made available for construction of facilities.

We perceive no objection to the use of Public Law 480 foreign currencies to support essential internal security programs, where the alternative would require generation of foreign currencies through cash grants or commodity import programs. It should be recognized, however, that the assumption by the United States of the responsibility for supporting internal security forces heretofore supported by the country governments may involve the development of a military force structure in excess of the forces established as an objective by the Joint Chiefs of Staff, would tend to diminish the incentives for the country government to mobilize effectively its own internal resources, and would decrease the amounts of local currencies available for economic development. We believe, therefore, that the use of Public Law 480 foreign currencies to support internal security programs requires a thorough review to assure that (1) U.S.-owned foreign currencies are used only if the local costs of these programs is clearly beyond the capability of the recipient country to finance from its own resources, and (2) U.S. foreign currencies are a supplement to, rather than a substitute for, recipient country funds now being used to support these programs. In this respect, the Congress may wish to consider the following factors which indicate that the use of Public Law 480 foreign currencies could be a substantial and continuing cost to the United States:

(1) Internal security forces being assisted by AID amount to several hundred thousand personnel. For example, internal security forces number 123,000 in Indonesia, 120,000 in Brazil,

and 46,000 in Burma. Even partial support of the local costs of these forces could be very costly.

(2) The use of foreign currency for section 104(c) purposes is not controlled through the provision of appropriations, since this section of Public Law 480 is exempted from the provisions of section 1415 of the act of July 15, 1952 (66 Stat. 663; 31 U.S.C. 724). There would be less incentive to limit the size of internal security programs since these programs would not require the same degree of justification and budgetary control as appropriated funds.

(3) Our reviews of the use of section 104(c) foreign currencies for common defense programs have shown that substantial amounts of currencies have been released to recipient countries without a firm determination as to need and without appropriate safeguards to assure proper and effective use.

In light of the foregoing, your committee may wish to consider limiting the authorization for use of foreign currencies for internal security programs to those situations where the President determines that counterinsurgency activities require the use of U.S.-owned foreign currencies. This could be done by including in the bill a provision similar to those in sections 505 and 512 of the Foreign Assistance Act of 1961 (as amended by sec. 202 of the Foreign Assistance Act of 1963 (77 Stat. 384)), limiting the furnishing of military assistance for internal security requirements unless the President determines otherwise and promptly reports such determination to the Congress.

Sincerely yours,

JOSEPH CAMPBELL,
Comptroller General of the United States.

DEPARTMENT OF STATE,
Washington, August 11, 1964.

HON. ALLEN J. ELLENDER,
Chairman, Committee on Agriculture and Forestry,
U.S. Senate.

DEAR MR. CHAIRMAN: Your letter of March 26 requesting a report on S. 2687 affords the Department of State a welcome opportunity to express its strong support for the extension of the Agricultural Trade Development and Assistance Act of 1954, as amended. The receipt of this request was acknowledged on March 31.

The Department of State regards the Public Law 480 program as an important instrument in achieving U.S. foreign policy objectives, as well as a means of building markets for our agricultural surpluses.

Under Secretary Harriman has described the agricultural abundance of the United States as a great American asset and an indispensable support for an enlightened foreign policy. The efficiency and productivity of farms in the United States, he has pointed out, is in vivid contrast to the unfavorable performance in the agricultural sector of the Soviet Union and other Communist countries.

Public Law 480 has afforded a means for the United States to make available large quantities of its surplus agricultural products to needy foreign countries on payment terms which would not create difficulties.

for them even though they were short of dollars and other third-country currencies.

In December 1962, in a speech to the Farmers Union Grain Terminal Association at St. Paul, Secretary of State Rusk stated:

"Our food-for-peace programs are a mighty instrument of security, good will, and peace. They are saving human lives every day. * * *

"Food-for-peace programs are not only saving lives, they are serving economic development. They have had a growing role in our programs of assistance to the less developed nations of the world. Our interest in helping these nations to move forward into the modern world is not humanitarian alone. We want them to move forward because we want a peaceful world. Communism feeds on hunger and frustration; it encourages disruption and exploits chaos. We want orderly progress in freedom—not for ourselves alone but for all men.

"Food for peace also serves to develop future markets for American farm products.

"And so, as Secretary of State, I find it very reassuring to have in support the great resources of American farm production. From my viewpoint, our agricultural abundance may be regarded as strategic reserves. In certain cases it can be as valuable as our military reserve forces."

Public Law 480 is, of course, supplemental to commercial sales, including the regular CCC export program, and should continue to be administered so as not to displace usual marketings and regular U.S. sales for dollars. The terms extended for Public Law 480 sales, therefore, need to be those which less developed countries can afford beyond regular foreign exchange purchases. This makes additional sales of surplus commodities possible. For these countries, each change in terms toward convertibility and direct foreign exchange cost may be critical. The value of the Public Law 480 instrument depends upon having the flexibility required to assure the capability of the less developed countries to accept Public Law 480 sales terms.

Moreover, to the extent that changes in the present provisions of Public Law 480 would require sales under that act to be made on terms equivalent to commercial dollar sales, and foreign policy benefits to be derived will be proportionately reduced.

S. 2687 contains the provisions recommended by the administration which have the strong support of the Department of State. S. 2687 also includes a number of additional provisions. The views of the Department of State on these provisions are summarized below:

1. A proposed new subsection 101(g) would provide that title I currencies should be convertible to dollars to the extent consistent with the purposes of the act. As countries develop the ability to purchase on a convertible basis, we now require them to make their purchases on commercial dollar terms. The countries to which Public Law 480 title I sales are made, therefore, are those which cannot make purchases on such dollar terms. The extent of convertibility now being obtained from these countries is worked out with all the interested U.S. agencies on the basis of the maximum consistent with a sale for local currency. We assume that the purpose of this new subsection 101(g) is to give legislative recognition to the policy now being followed.

2. An amendment to section 102 would limit the financing by CCC of ocean freight charges. The result would be to require the pur-

chasing country to spend dollars or other convertible foreign exchange for those charges. Under the 50-50 shipping requirement of Public Law 664, as amended, at least half of such cargoes must be carried on higher cost U.S.-flag vessels, but the CCC could only pay the foreign exchange cost of the differential. The balance is substantial, and this new foreign exchange cost would be added to that resulting from existing provisions in section 104 calling for conversion of amounts of title I sales proceeds, as well as to that which would be added by the other proposals for Public Law 480 legislation. The executive branch proposals suggested permitting privately owned U.S.-flag commercial vessels to buy Public Law 480 local currencies for use in paying port fees, unloading costs, lightering, and other necessary expenditures in foreign ports in connection with the carrying of cargoes under Public Law 480 and section 9 of the act of September 6, 1958 (72 Stat. 1790), and permitting U.S. voluntary agencies to buy such currencies to finance their operations abroad. A new proposal has since been developed to adapt for both purposes the new section 612(b) of the Foreign Assistance Act by redesignating that provision as section 104(t) of Public Law 480 and incorporating an amendment to provide that Commodity Credit Corporation be reimbursed by the dollars obtained under this authority by selling foreign currencies which originate from title I of Public Law 480.

All these provisions taken together could result in such a significant increase in the foreign exchange cost to the purchasing country that the purpose of Public Law 480 title I sales would be defeated.

In addition, the proposed prohibition against CCC financing of ocean freight charges may also place a substantial burden on U.S. exporters who may have to finance these dollar shipping costs against future reimbursement from countries which lack foreign exchange.

The Department of State believes this proposed section of the bill would hamper sales unless some means of foreign exchange financing could be found from sources other than the purchasing country. The Department of State therefore believes its enactment would be undesirable.

3. Sections 104 and 403 would be amended to make the cost of funds to the U.S. Treasury the floor for interest rates charged on loans made under these two sections. At present there is no specified interest rate for loans made under title I, and the rate can be set at an appropriate level for each loan. Title IV now makes the cost of funds to the Treasury the maximum that can be charged for title IV credits.

With respect to increased interest rates on loans of title I local currencies, it may be noted that the pattern of interest rates varies between countries and in some cases the currency loaned under title I is reloaned by the borrower. A statutory interest rate floor might make it difficult or impossible for a foreign country to use Public Law 480 loans for the desired purpose. This might prevent sales and thus decrease, rather than increase, the ultimate return to this country.

With respect to interest on title IV credit sales, there is a danger that the increase might be sufficiently substantial so that the sale would be lost. In addition, many of the countries eligible for title IV sales already have such large current foreign debt servicing requirements that a substantial interest increase on a title IV sale might increase the chances of default.

4. A proposed addition to section 108 would require a statutory report to the Congress to specify the various effective exchange rates, the exchange rate applied to the sale, and an estimate of the real value of the currency.

The Department of State perceives no objection to reporting the various effective exchange rates of the purchasing country, the exchange rate applied to the sale and, if desired, the rate on the date of sale at which the U.S. disbursing officer is selling that country's currency to U.S. Government agencies for their official expenditures.

Accordingly, section 108 might be revised to provide that the statutory report "shall specify for the date of the sale the various effective exchange rates, the exchange rate applied to the sale, the rate at which U.S. Government agencies could buy the currency from the U.S. disbursing officer, and such other information as may be appropriate to explain the transaction."

However, the Department of State believes there are serious objections to including in such a report an estimate of the real value of a foreign currency.

The U.S. Executive Director on the International Monetary Fund has supplied the following comments on this point:

"The International Monetary Fund is the competent international agency in matters concerning exchange rates. The articles of agreement of the Fund include a number of provisions under which the Fund exercises this jurisdiction. Broadly, the Fund agreement is based on the premise that changes in exchange rates—or expressions concerning whether a given rate of exchange (or a series of exchange rates) is 'realistic' or sustainable—are to be at the initiative of members rather than of the Fund. Thus, a change in par value may be made only upon the proposal of the member concerned; the Fund's authority is limited to concurring or objecting to the proposed change. Consequently, members have conferred upon even the International Monetary Fund only a limited—though a constructive—role in expressing views or findings on the 'realism' of exchange values. This role does not extend to reaching conclusions on what would be a realistic exchange rate for a particular currency in the absence of a proposal from the country concerned. It would appear quite inappropriate for a Fund member to assume for itself a position, in terms of reaching judgments on the value of other countries' currencies, which even the Fund does not possess."

Also, as a practical matter, official U.S. publication of an estimate of the real value of another country's currency might cast such doubt on the exchange value of the foreign currency concerned as to either force its devaluation or require the mobilization of substantial external foreign exchange resources for its support. In this case the United States might find itself obliged for foreign policy reasons to contribute to these supporting resources.

The Department of State urges, therefore, elimination of the requirement in the proposed section 108 for an estimate of the real value of the foreign currency received.

5. A proposed new section 309 would add new requirements for information to be prepared and placed in the annual budget and add new limitations upon sales agreements under Public Law 480. The new provisions would greatly complicate accounting for and adminis-

tration of foreign currencies and sales agreements. This would be undesirable. In addition to the technical problems which would result, there would be a significant inhibition placed on concluding Public Law 480 sales agreements. The ability of the United States to negotiate Public Law 480 agreements successfully may depend upon the assurance which can be given on proportions and uses of currencies for country purposes, and the requirement of section 309 would preclude such assurance.

Thus, enactment of the proposed new section 309 would seriously limit and restrict the ability of the United States to negotiate individual Public Law 480 sales agreements.

The Bureau of the Budget advises that from the standpoint of the administration's program there is no objection to the submission of this report.

Sincerely yours,

R. E. Lee,
ROBERT E. LEE,
Acting Assistant Secretary for Congressional Relations
(For the Secretary of State).

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in *italic*, existing law in which no change is proposed is shown in roman):

AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954

* * * * *

SEC. 101. In furtherance of this policy, the President is authorized to negotiate and carry out agreements with friendly nations or organizations of friendly nations to provide for the sale of surplus agricultural commodities for foreign currencies. In negotiating such agreements the President shall—

(a) take reasonable precautions to safeguard usual marketings of the United States and to assure that sales under this Act will not unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade with friendly countries;

(b) take appropriate steps to assure that private trade channels are used to the maximum extent practicable both with respect to sales from privately owned stocks and from stocks owned by the Commodity Credit Corporation;

(c) give special consideration to utilizing the authority and funds provided by this Act, in order to develop and expand continuous market demand abroad for agricultural commodities, with appropriate emphasis on underdeveloped and new market areas;

(d) seek and secure commitments from participating countries that will prevent resale or transshipment to other countries, or use for other than domestic purposes, of surplus agricultural commodities purchased under this Act, without specific approval of the President; and

(e) afford any friendly nation the maximum opportunity to purchase surplus agricultural commodities from the United States, taking into consideration the opportunities to achieve the declared policy of this Act and to make effective use of the foreign currencies received to carry out the purposes of this Act.

(f) obtain rates of exchange applicable to the sale of commodities under such agreements which are not less favorable than the highest of exchange rates legally obtainable [from the Government or agencies thereof] in the respective countries[.], and which are not less favorable than the highest of exchange rates obtainable by any other nation.

(g) require such foreign currencies to be convertible to dollars to the extent consistent with effectuation of the purposes of this Act.

SEC. 102. (a) For the purpose of carrying out agreements concluded by the President hereunder, the Commodity Credit Corporation, in accordance with regulations issued by the President pursuant to subsection (b) of this section, (1) shall make available for sale hereunder to domestic exporters surplus agricultural commodities heretofore or hereafter acquired by the Corporation in the administration of its price-support operations, and (2) shall make funds available to finance the sale and exportation of surplus agricultural commodities, whether from private stocks or from stocks of the Commodity Credit Corporation. In supplying such commodities to exporters under this subsection the Commodity Credit Corporation shall not be subject to the sales price restrictions in section 407 of the Agricultural Act of 1949, as amended. The commodity set-aside established for any commodity under section 101 of the Agricultural Act of 1954 (68 Stat. 897) shall be reduced by a quantity equal to the quantity of such commodity financed hereunder which is exported from private stocks.

(b) In order to facilitate and maximize the use of private channels of trade in carrying out agreements entered into pursuant to this Act, the President may, under such regulations and subject to such safeguards as he deems appropriate, provide for the issuance of letters of commitment against funds or guaranties of funds supplies by the Commodity Credit Corporation and for this purpose accounts may be established on the books of any department, agency, or establishment of the Government, or on terms and conditions approved by the Secretary of the Treasury in banking institutions in the United States. Such letters of commitment, when issued, shall constitute obligations of the United States and moneys due or to become due thereunder shall be assignable under the Assignment of Claims Act of 1940. Expenditures of funds which have been made available through accounts so established shall be accounted for on standard documentation required for expenditures of Government funds. *The Commodity Credit Corporation shall finance ocean freight charges under this section only to the extent that such charges are higher (than would otherwise be the case) by reason of a requirement that the commodities be transported in United States-flag vessels.*

SEC. 103. (a) For the purpose of making payment to the Commodity Credit Corporation to the extent the Commodity Credit Corporation is not reimbursed under section 105 for commodities disposed of and costs incurred under titles I and II of this Act, there are hereby authorized to be appropriated such sums as are equal to

(1) the Corporation's investment in commodities made available for export under this title and title II of this Act, including processing, packaging, transportation, and handling costs, (2) all costs incurred by the Corporation in making funds available to finance the exportation of surplus agricultural commodities pursuant to this title and, (3) all Commodity Credit Corporation funds expended for ocean freight costs authorized under title II hereof for purposes of section 416 of the Agricultural Act of 1949, as amended. Any funds or other assets available to the Commodity Credit Corporation may be used in advance of such appropriation or payments, for carrying out the purposes of this Act. *In presenting his budget, the President shall classify expenditures under this Act as expenditures for international affairs and finance rather than for agriculture and agricultural resources.*

(b) Agreements shall not be entered into under this title during the period beginning January 1, [1962] 1965, and ending December 31, [1964] 1966, which will call for appropriations to reimburse the Commodity Credit Corporation in a total amount in excess of [\$4,500,000,000] \$2,700,000,000 *plus any amount by which agreements entered into in prior years have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such prior years by this Act as in effect during such years: Provided, That agreements shall not be entered into during any calendar year of such period which will call for appropriations to reimburse Commodity Credit Corporation in amounts in excess of \$2,500,000,000.*

SEC. 104. Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, the President may use or enter into agreements with friendly nations or organizations of nations to use the foreign currencies, including principal and interest from loan repayments, which accrue under this title for one or more of the following purposes:

(a) To help develop new markets for United States agricultural commodities on a mutually benefiting basis. From sale proceeds and loan repayments under this title not less than the equivalent of 5 per centum of the total sales made each year under this title after the date of this amendment shall be set aside in the amounts and kinds of foreign currencies specified by the Secretary of Agriculture and made available in advance for use as provided by this subsection over such period of years as the Secretary of Agriculture determines will most effectively carry out the purpose of this subsection: *Provided, That no such funds shall be allocated under this subsection after June 30, 1960, except as may be specified, from time to time, in appropriation acts. Provision shall be made in sale and loan agreements for the convertibility of such amount of the proceeds thereof (not less than 2 per centum) as the Secretary of Agriculture determines to be needed to carry out the purpose of this subsection in those countries which are or offer reasonable potential of becoming dollar markets for United States agricultural commodities. Such sums shall be converted into the types and kinds of foreign currencies as the Secretary deems necessary to carry out the provisions of this subsection and such sums shall be deposited to a special Treasury account and shall not be made available or expended except for carrying out the provisions of this subsection. Notwithstanding any other*

provision of law, if sufficient foreign currencies for carrying out the purpose of this subsection in such countries are not otherwise available, the Secretary of Agriculture is authorized and directed to enter into agreements with such countries for the sale of surplus agricultural commodities in such amounts as the Secretary of Agriculture determines to be adequate and for the use of the proceeds to carry out the purpose of this subsection;

(b) To purchase or contract to purchase, in such amounts as may be specified from time to time in appropriation acts, strategic or other materials for a supplemental United States stockpile of such materials as the President may determine from time to time. Such strategic or other materials acquired under this subsection shall be placed in the above named supplemental stockpile and shall be released therefrom only under the provisions of section 3 of the Strategic and Critical Materials Stock Piling Act;

(c) To procure [military] equipment, materials, facilities, and services for the common defense *including internal security*;

(d) For financing the purchase of goods or services for other friendly countries;

(e) For promoting balanced economic development and trade among nations, for which purposes [not more than 25 per centum of the currencies received pursuant to each such agreement shall be available] *currencies shall also be available* through and under the procedures established by such agency as the President shall direct for loans mutually agreeable to said agency and the country with which the agreement is made to United States business firms and branches, subsidiaries, or affiliates of such firms for business development and trade expansion in such countries and for loans to domestic or foreign firms, for the establishment of facilities for aiding in the utilization, distribution, or otherwise increasing the consumption of, and markets for, United States agricultural products: *Provided, however,* That no such loans shall be made for the manufacture of any products to be exported to the United States in competition with products produced in the United States or for the manufacture or production of any commodity to be marketed in competition with United States agricultural commodities or the products thereof. Foreign currencies may be accepted in repayment of such loans.

(f) To pay the United States obligations abroad;

(g) For loans to promote multilateral trade and economic development, made through established banking facilities of the friendly nation from which the foreign currency was obtained or in any other manner which the President may deem to be appropriate. Strategic materials, services, or foreign currencies may be accepted in payment of such loans;

(h) For the financing of international educational exchange activities under the programs authorized by section 32(b)(2) of the Surplus Property Act of 1944, as amended (50 U.S.C. App. 1641(b)) and for the financing in such amounts as may be specified from time to time in appropriation acts of programs for the interchange of persons under title II of the United States Information and Educational Exchange Act of 1948, as amended (22 U.S.C. 1446). In the allocation of funds as among the various purposes set forth in this section, a special effort shall be made to

provide for the purposes of this subsection, including a particular effort with regard to: (1) countries where adequate funds are not available from other sources for such purposes, and (2) countries where agreements can be negotiated to establish a fund with the interest and principal available over a period of years for such purposes, such special and particular effort to include the setting aside of such amounts from sale proceeds and loan repayments under this title, not in excess of \$1,000,000 a year in any one country for a period of not more than five years in advance, as may be determined by the Secretary of State to be required for the purposes of this subsection;

(i) For financing the translation, publication, and distribution of books and periodicals, including Government publications, abroad: *Provided*, That not more than \$5,000,000 may be allocated for this purpose during any fiscal year;

(j) For providing assistance to activities and projects authorized by section 203 of the United States Information and Educational Exchange Act of 1948, as amended (22 U.S.C. 1448), but no foreign currencies which are available under the terms of any agreement for appropriation for the general use of the United States shall be used for the purposes of this subsection (j) without appropriation therefor;

(k) To collect, collate, translate, abstract, and disseminate scientific and technological information and to conduct research and support scientific activities overseas including programs and projects of scientific cooperation between the United States and other countries such as coordinated research against diseases common to all of mankind or unique to individual regions of the globe, and to promote and support programs of medical and scientific research, cultural and educational development, health, nutrition, and sanitation: *Provided*, That foreign currencies shall be available for the purposes of this subsection (in addition to funds otherwise made available for such purposes) only in such amounts as may be specified from time to time in appropriation Acts;

(l) For the acquisition by purchase, lease, rental or otherwise, of sites and buildings and grounds, abroad, for United States Government use including offices, residence quarters, community and other facilities, and for construction, repair, alteration and furnishing of such buildings and facilities: *Provided*, That foreign currencies shall be available for the purposes of this subsection (in addition to funds otherwise made available for such purposes) in such amounts as may be specified from time to time in appropriation acts;

(m) For financing in such amounts as may be specified from time to time in appropriation acts (A) trade fair participation and related activities authorized by section 3 of the International Cultural Exchange and Trade Fair Participation Act of 1956 (22 U.S.C. 1992), or section 212(B) of the Merchant Marine Act, 1936, and (B) agricultural and horticultural fair participation and related activities;

(n) For financing under the direction of the Librarian of Congress, in consultation with the National Science Foundation and other interested agencies, in such amounts as may be specified

from time to time in appropriation acts, (1) programs outside the United States for the analysis and evaluation of foreign books, periodicals, and other materials to determine whether they would provide information of technical or scientific significance in the United States and whether such books, periodicals, and other materials are of cultural or educational significance; (2) the registry, indexing, binding, reproduction, cataloging, abstracting, translating, and dissemination of books, periodicals, and related materials determined to have such significance; and (3) the acquisition of such books, periodicals, and other materials and the deposit thereof in libraries and research centers in the United States specializing in the areas to which they relate;

(o) For providing assistance, in such amounts as may be specified from time to time in appropriation acts, by grant or otherwise, in the expansion or operation in foreign countries of established schools, colleges, or universities founded or sponsored by citizens of the United States, for the purpose of enabling such educational institutions to carry on programs of vocational, professional, scientific, technological, or general education;

(p) For supporting workshops in American studies or American educational techniques and supporting chairs in American studies;

(q) For assistance to meet emergency or extraordinary relief requirements other than requirements for surplus food commodities: *Provided*, That not more than a total amount equivalent to \$5,000,000 may be made available for this purpose during any fiscal year:

(r) For financing the preparation, distribution, and exhibiting of audio-visual informational and educational materials, including Government materials, abroad: *Provided*, That not more than a total amount equivalent to \$2,500,000 may be made available for this purpose during any fiscal year, but nothing in this subsection shall limit or affect the use of foreign currencies to finance the preparation, distribution, or exhibition of such materials in connection with trade fairs and other market development activities under subsection (a);

(s) For the sale for dollars to American tourists under such terms and conditions as the President may prescribe;

(NOTE.—The following new subsection (t) was formerly subsection (b) of section 612 of the Foreign Assistance Act of 1961 with modifications:)

(t) For sale to United States citizens as provided herein. In order to provide for the foreign currency needs of United States citizens for travel or other purposes, the Secretary of the Treasury may make available for sale for United States dollars to such citizens, at United States embassies or other convenient locations, foreign currencies acquired by the United States through operations under the Foreign Assistance Act of 1961, as amended, the Mutual Security Act of 1954, as amended, or any Act repealed thereby, or the Agricultural Trade Development and Assistance Act of 1954, as amended, which (1) he determines to be in excess of the needs of departments and agencies of the United States for such currencies, and (2)

are not prohibited from such use or committed to other uses by agreement heretofore entered into with another country. United States dollars received from the sale of foreign currencies under this subsection shall be deposited in the Treasury as miscellaneous receipts, except that in the case of any such foreign currencies acquired through operations under title I of the Agricultural Trade Development and Assistance Act of 1954, as amended, the United States dollars received from the sale of such foreign currencies shall be deposited to the account of the Commodity Credit Corporation and shall be treated as a reimbursement to Commodity Credit Corporation under section 105 of this Act. Provided, however, That section 1415 of the Supplemental Appropriation Act, 1953, shall apply to all foreign currencies used for grants under [subsections (d) and (e) and for payment of United States obligations involving grants under subsection (f)] this section, and to all foreign currencies derived from payments of interest or repayments of principal on loans made under this section, and to not less than 10 per centum of the foreign currencies which accrue under this title: [Provided, however, That the President is authorized to waive such applicability of section 1415 in any case where he determines that it would be inappropriate or inconsistent with the purposes of this title:] Provided, however, That no foreign currencies shall be available pursuant to subsections (k), (p), and (r), except in such amounts as may be specified from time to time in appropriation Acts. No agreement hereunder shall impose any restrictions not contained in this section on the use, to meet the requirements of United States Government agencies in the importing country, of local currencies not devoted to subsection (c), (d), (e), or (g). Any such currencies shall under the terms of the agreement be made legal tender or convertible into legal tender for the purpose of any obligation of the United States or any of its agencies to the government of the importing country or any of its agencies. Any loan made under the authority of this section shall bear interest at such rate as the President may determine but not less than the cost of funds to the United States Treasury, taking into consideration the current average market yields on outstanding marketable obligations of the United States having maturity comparable to the maturity of such loans.

* * * * *

SEC. 108. The President shall make a report to Congress with respect to the activities carried on under this Act at least once each [six months] year and at such other times as may be appropriate and such reports shall include the dollar value, at the exchange rates in effect at the time of the sale, of the foreign currency for which commodities exported pursuant to section 102(a) hereof are sold.

SEC. 109. No transactions shall be undertaken under authority of this title after December 31, [1964] 1966, except as required pursuant to agreements theretofore entered into pursuant to this title.

* * * * *

(NOTE.—The changes made in the first sentence of section 203, below, do not become effective until January 1, 1965.)

SEC. 203. Programs of assistance shall not be undertaken under this title during any calendar year beginning January 1, [1961] 1965, and ending December 31, [1964] 1966, which call for appropriations of more than [\$300,000,000] \$375,000,000 to reimburse the Commodity Credit Corporation for all costs incurred in connection with such programs (including the Corporation's investment in commodities made available), plus any amount by which programs of assistance undertaken in the preceding calendar year have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than were authorized for such purpose during such preceding year by this title as in effect during such preceding year. The President may take transfers through such agencies including intergovernmental organizations, in such manner, and upon such terms and conditions as he deems appropriate; he shall make use of the facilities of voluntary relief agencies to the extent practicable. Such transfers may include delivery f.o.b. vessels in United States ports and, upon a determination by the President that it is necessary to accomplish the purposes of this title or of section 416 of the Agricultural Act of 1949, as amended, ocean freight charges from United States ports to designated ports of entry abroad, or, in the case of landlocked countries, transportation from United States ports to designated points of entry abroad, may be paid from funds available to carry out this title on commodities transferred pursuant hereto or donated under said section 416, and charges for general average contributions arising out of the ocean transport of commodities transferred pursuant hereto *or donated under said section 416, section 308 of this Act or section 9 of the Act of September 6, 1958 (72 Stat. 1790)*, may be paid from such funds. Funds required for ocean freight costs authorized under this title may be transferred by the Commodity Credit Corporation to such other Federal agency as may be designated by the President.

SEC. 204. No programs of assistance shall be undertaken under the authority of this title after December 31, [1964] 1966.

* * * * *

SEC. 403. Payment for such commodities shall be in dollars with interest at such rate as the Secretary may determine but not [more] less than the cost of the funds to the United States Treasury as determined by the Secretary of the Treasury, taking into consideration the current average market yields on outstanding marketable obligations of the United States having maturity comparable to the maturities of loans made by the President under this section. Payment may be made in reasonable annual amounts over periods of not to exceed twenty years from the date of the last delivery of commodities in each calendar year under the agreement, except that the date for beginning such annual payment may be deferred for a period not later than two years after such date of last delivery, and interest shall be computed from the date of such last delivery.

* * * * *

FOREIGN ASSISTANCE ACT OF 1961

* * * * *

SEC. 612. (a) Except as otherwise provided in this Act or other Acts, foreign currencies received either (1) as a result of the furnishing of nonmilitary assistance under the Mutual Security Act of 1954, as amended, or any Act repealed thereby, and unobligated on the date prior to the effective date of this Act, or (2) on or after the effective date of this Act, as a result of the furnishing of nonmilitary assistance under the Mutual Security Act of 1954, as amended, or any Act repealed thereby, or (3) as a result of the furnishing of assistance under part I, which are in excess of amounts reserved under authority of section 105(d) of the Mutual Educational and Cultural Exchange Act of 1961 or any other Act relating to educational and cultural exchanges, may be sold by the Secretary of the Treasury to agencies of the United States Government for payment of their obligations outside the United States, and the United States dollars received as reimbursement shall be deposited into miscellaneous receipts of the Treasury. Foreign currencies so received which are in excess of the amounts so reserved and of the requirements of the United States Government in payment of its obligations outside the United States, as such requirements may be determined from time to time by the President, shall be available for the authorized purposes of part I in such amounts as may be specified from time to time in appropriation Acts.

(NOTE.—The following subsection (b) is repealed and reenacted with modifications as subsection (t) of section 104 of the Agricultural Trade Development and Assistance Act of 1954.)

[(b) In order to provide for the foreign currency needs of United States citizens for travel or other purposes, the Secretary of the Treasury may make available for sale for United States dollars to such citizens, at United States embassies or other convenient locations, foreign currencies acquired by the United States through operations under this Act, the Mutual Security Act of 1954, as amended, or any Act repealed thereby, or the Agricultural Trade Development and Assistance Act of 1954, as amended, which (1) he determines to be in excess of the needs of departments and agencies of the United States for such currencies, and (2) are not prohibited from such use or committed to other uses by agreement heretofore entered into with another country. United States dollars received from the sale of foreign currencies under this subsection shall be deposited in the Treasury as miscellaneous receipts.]

* * * * *



S. 2687

[Report No. 1467]

IN THE SENATE OF THE UNITED STATES

MARCH 25 (legislative day, MARCH 9), 1964

Mr. ELLENDER introduced the following bill; which was read twice and referred to the Committee on Agriculture and Forestry

AUGUST 18, 1964

Reported by Mr. ELLENDER, with an amendment

[Strike out all after the enacting clause and insert the part printed in italic]

A BILL

To extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That the Agricultural Trade Development and Assistance
4 Act of 1954, as amended, is further amended as follows:

5 ~~(1)~~ Section ~~101~~ of such Act is amended by adding at
6 the end thereof the following new subsection:

7 ~~“(g)~~ require such foreign currencies to be convertible
8 to dollars to the extent consistent with effectuation of the
9 purposes of this Act.”

10 ~~(2)~~ Section ~~102~~ of such Act is amended by adding at
11 the end thereof the following: “The Commodity Credit Cor-

1 poration shall finance ocean freight charges under this section
2 only to the extent that such charges are higher (than would
3 otherwise be the case) by reason of a requirement that the
4 commodities be transported in United States-flag vessels.

5 ~~(3)~~ Effective January 1, 1965, section 103(b) of such
6 Act is amended to read as follows:

7 “(b) Agreements shall not be entered into under this
8 title during the period beginning January 1, 1965, and end-
9 ing December 31, 1969, which will call for appropriations
10 to reimburse the Commodity Credit Corporation in a total
11 amount in excess of \$7,100,000,000 plus any amount by
12 which agreements entered into in prior years have called
13 or will call for appropriations to reimburse the Commodity
14 Credit Corporation in amounts less than authorized for such
15 prior years by this Act as in effect during such years:
16 *Provided*, That agreements shall not be entered into during
17 any calendar year of such period which will call for appro-
18 priations to reimburse the Commodity Credit Corporation in
19 amounts in excess of \$2,500,000,000. In addition to the
20 agreements which may be entered into within the foregoing
21 limitations, agreements may also be entered into in an
22 amount equal to amounts received in United States dollars
23 as loan repayments under this title and deposited to the
24 account of the Commodity Credit Corporation or as reim-
25 bursements from other agencies pursuant to section 105

1 of this Act or section 407 of the Act of September 1, 1954,
 2 as amended ~~(5 U.S.C. 171z-1).~~"

3 ~~(4)~~ Section 104 of such Act is amended by striking out
 4 in subsection ~~(c)~~ the word "military" and inserting after
 5 the words "common defense" the words "including internal
 6 security".

7 ~~(5)~~ Section 104 of such Act is amended by striking
 8 from subsection ~~(c)~~ the words "not more than 25 per
 9 centum of the currencies received pursuant to each such
 10 agreement shall be available" and substituting "currencies
 11 shall also be available".

12 ~~(6)~~ Section 104 of such Act is amended by adding the
 13 following new subsections:

14 ~~"(t)~~ For the sale for dollars to nonprofit voluntary
 15 agencies for payment of expenses in foreign countries in
 16 connection with the distribution of surplus agricultural com-
 17 modities and products thereof pursuant to titles II and III
 18 of this Act and section 9 of the Act of September 6, 1958
 19 ~~(72 Stat. 1790):~~ *Provided*, That nothing contained herein
 20 shall prohibit the payment of such expenses pursuant to
 21 other authority contained in this or any other Act.

22 ~~(u)~~ For the sale for dollars to privately owned United
 23 States-flag commercial vessels for use in paying port fees,
 24 unloading, lightering, and other necessary expenses in foreign
 25 ports in connection with the carrying of cargo under this

1 Act and section 9 of the Act of September 6, 1958 (~~72~~
2 Stat. 1790).”

3 ~~(7)~~ Section 104 of such Act is amended by adding at
4 the end thereof the following: “Any loan made under the
5 authority of this section shall bear interest at such rate as the
6 President may determine but not less than the cost of funds
7 to the United States Treasury, taking into consideration the
8 current average market yields on outstanding marketable
9 obligations of the United States having maturity comparable
10 to the maturity of such loans.”

11 ~~(8)~~ Section 108 of such Act is amended by striking out
12 the words “six months” and inserting in lieu thereof the
13 word “year”; and by adding at the end of such section the
14 following: “In the case of any country which has more than
15 one exchange rate, or for which the exchange rate in effect
16 at the time of the sale did not reflect the real value of the
17 foreign currency, such report shall specify the various effec-
18 tive exchange rates, the exchange rate applied to the sale, an
19 estimate of the real value of the currency, and such other
20 information as may be appropriate to explain the trans-
21 action”.

22 ~~(9)~~ Section 203 of such Act is amended (i) by striking
23 out “1961” and substituting “1965”; (ii) by striking out
24 “1964” and substituting “1969”; (iii) by striking out
25 “\$300,000,000”, and substituting “\$450,000,000”; and

1 ~~(iv)~~ by inserting after "charges for general average contri-
2 butions arising out of the ocean transport of commodities
3 transferred pursuant hereto" the following: "or donated un-
4 der said section 416, section 308 of this Act or section 9 of
5 the Act of September 6, 1958 (72 Stat. 1790)". Clauses
6 ~~(i)~~, ~~(ii)~~, and ~~(iii)~~ hereof shall not become effective until
7 January 1, 1965.

8 ~~(10)~~ Sections 109 and 204 of such Act are amended by
9 striking out "1964" and inserting "1969".

10 ~~(11)~~ Title III of such Act is amended by adding at the
11 end thereof the following new section:

12 "SEC. 309. The President shall take such measures as
13 may be necessary to assure that funds and commodities
14 available under titles I and IV and section 202 of this Act
15 are used only to carry out purposes which otherwise would
16 be carried out with appropriated funds. The President shall
17 include in the annual budget required by the Budget and
18 Accounting Act, 1921, for the fiscal year ending June 30,
19 1966, and for each fiscal year thereafter a statement showing
20 for each subsection of section 104 the following: ~~(a)~~ The
21 estimated amount of foreign currencies available under title
22 I for the purposes of such subsection, and the amount pro-
23 posed to be used therefor during such fiscal year; ~~(b)~~ the
24 estimated amount of all other commodities and funds avail-

1 able under each other provision of this and other Acts for
2 generally similar purposes; and the amount thereof proposed
3 to be used for such generally similar purposes during such
4 fiscal year; ~~(c)~~ the amount of appropriations provided for
5 in the budget for generally similar purposes; designating
6 each appropriation item; ~~(d)~~ the reasons for not using com-
7 modities and funds described in ~~(a)~~ and ~~(b)~~ in lieu of the
8 appropriations described in ~~(c)~~; and ~~(e)~~ the total amounts
9 of currencies, commodities, and funds devoted to such pur-
10 poses and generally similar purposes during the period
11 beginning July 10, 1954, and ending with the last date prior
12 to the submission of the budget for which such information
13 is available. For the purposes of the foregoing sentence
14 currencies, commodities, and funds shall be considered avail-
15 able for any purpose if they could lawfully and properly be
16 used for such purpose, even though they may have been
17 administratively allocated to some other purpose. Such
18 statement shall also contain an estimate of the value of com-
19 modities to be covered by sales agreements or grants negoti-
20 ated or made under titles I and IV and section 202 of this
21 Act, respectively, during such fiscal year; the amounts of the
22 sales proceeds therefor ~~(including the value of any economic~~
23 ~~or community development carried out through grants under~~
24 ~~section 202)~~; the purposes for which such proceeds will be
25 used; the extent to which such use will preclude the neces-

sity for the appropriation of other funds; and, if any foreign currencies which will accrue under any such agreement cannot be used within the foreseeable future, the reasons for entering into such agreement. No agreement shall be entered into which would result in exceeding any estimate provided for in the preceding sentence, or such other limitation as may be fixed by appropriation Act."

~~(12)~~ The first sentence of section 403 of such Act is amended by striking out the words "more than" and inserting the words "less than".

That the Agricultural Trade Development and Assistance Act of 1954, as amended, is further amended as follows:

(1) Section 101 of such Act is amended by striking out in subsection (f) the words "from the government or agencies thereof" and further by striking the period at the end of subsection (f) and adding the following: ", and which are not less favorable than the highest of exchange rates obtainable by any other nation."

(2) Section 101 of such Act is amended by adding at the end thereof the following new subsection:

"(g) require such foreign currencies to be convertible to dollars to the extent consistent with effectuation of the purposes of this Act."

(3) Section 102 of such Act is amended by adding at the end thereof the following: "The Commodity Credit Cor-

1 poration shall finance ocean freight charges under this section
2 only to the extent that such charges are higher (than would
3 otherwise be the case) by reason of a requirement that the
4 commodities be transported in United States-flag vessels.

5 (4) Section 103(a) of such Act is amended by adding
6 at the end thereof the following: "In presenting his budget,
7 the President shall classify expenditures under this Act as
8 expenditures for international affairs and finance rather than
9 for agriculture and agricultural resources."

10 (5) Effective January 1, 1965, section 103(b) of such
11 Act is amended to read as follows:

12 “(b) Agreements shall not be entered into under this
13 title during the period beginning January 1, 1965, and end-
14 ing December 31, 1966, which will call for appropriations
15 to reimburse the Commodity Credit Corporation in a total
16 amount in excess of \$2,700,000,000 plus any amount by
17 which agreements entered into in prior years have called
18 or will call for appropriations to reimburse the Commodity
19 Credit Corporation in amounts less than authorized for such
20 prior years by this Act as in effect during such years:
21 Provided, That agreements shall not be entered into during
22 any calendar year of such period which will call for appro-
23 priations to reimburse the Commodity Credit Corporation in
24 amounts in excess of \$2,500,000,000.”

1 (6) Section 104 of such Act is amended by striking out
2 in subsection (c) the word "military" and inserting after
3 the words "common defense" the words "including internal
4 security".

5 (7) Section 104 of such Act is amended by striking
6 from subsection (e) the words "not more than 25 per
7 centum of the currencies received pursuant to each such
8 agreement shall be available" and substituting "currencies
9 shall also be available".

10 (8) Section 104 of such Act is amended (i) by striking
11 out, in the first proviso following subsection (s), "subsections
12 (d) and (e) and for payment of United States obligations
13 involving grants under subsection (f)" and inserting in lieu
14 thereof "this section, and to all foreign currencies derived
15 from payments of interest or repayments of principal on loans
16 made under this section,"; and (ii) by striking out the second
17 proviso following subsection (s).

18 (9) Section 104 of such Act is amended by adding at
19 the end thereof the following: "No agreement hereunder
20 shall impose any restrictions not contained in this section on
21 the use to meet the requirements of United States Government
22 agencies in the importing country of local currencies not de-
23 voted to subsection (c), (d), (e), or (g). Any such curren-
24 cies shall under the terms of the agreement be made legal

1 tender or convertible into legal tender for the purpose of any
2 obligation of the United States or any of its agencies to the
3 government of the importing country or any of its agencies.
4 Any loan made under the authority of this section shall bear
5 interest at such rate as the President may determine but not
6 less than the cost of funds to the United States Treasury,
7 taking into consideration the current average market yields on
8 outstanding marketable obligations of the United States having
9 maturity comparable to the maturity of such loans.”

10 (10) Section 108 of such Act is amended by striking out
11 the words “six months” and inserting in lieu thereof the
12 word “year”.

13 (11) Section 203 of such Act is amended (i) by striking
14 out “1961” and substituting “1965”; (ii) by striking out
15 “1964” and substituting “1966”; (iii) by striking out
16 “\$300,000,000”, and substituting “\$375,000,000”; and
17 (iv) by inserting after “charges for general average contri-
18 butions arising out of the ocean transport of commodities
19 transferred pursuant hereto” the following: “or donated
20 under said section 416, section 308 of this Act or section 9 of
21 the Act of September 6, 1958 (72 Stat. 1790)”. Clauses
22 (i), (ii), and (iii) hereof shall not become effective until
23 January 1, 1965.

24 (12) Sections 109 and 204 of such Act are amended by
25 striking out “1964” and inserting “1966”.

1 (13) The first sentence of section 403 of such Act is
2 amended by striking out the words “more than” and insert-
3 ing the words “less than”.

4 SEC. 2. Subsection (b) of section 612 of the Foreign
5 Assistance Act of 1961, as amended, is amended (1) by
6 redesignating it as subsection (t) of section 104 of the Agri-
7 cultural Trade Development and Assistance Act of 1954,
8 as amended.

9 (2) By inserting after the subsection designation the fol-
10 lowing: “For sale to United States citizens as provided
11 herein.”;

12 (3) By striking “this Act” and substituting “the For-
13 eign Assistance Act of 1961, as amended.”;

14 (4) By changing the period at the end of the subsection
15 to a comma and adding “except that in the case of any such
16 foreign currencies acquired through operations under title I
17 of the Agricultural Trade Development and Assistance Act
18 of 1954, as amended, the United States dollars received
19 from the sale of such foreign currencies shall be deposited to
20 the account of the Commodity Credit Corporation and shall
21 be treated as a reimbursement to Commodity Credit Corpora-
22 tion under section 105 of this Act.”

23 SEC. 3. Notwithstanding any other provision of law, the
24 Commodity Credit Corporation, in order to encourage ex-
25 ports of extra long staple cotton which is in surplus supply,

1 is directed to sell or otherwise make available for export
 2 extra long staple cotton at prices not in excess of the prices
 3 at which cotton of comparable qualities is being offered by
 4 other exporting countries. Such cotton shall be sold or other-
 5 wise made available for export as long as such cotton is in
 6 surplus supply as determined pursuant to the provision of
 7 section 106 of the Agricultural Trade Development and
 8 Assistance Act.

88TH CONGRESS
2^D SESSION

S. 2687

[Report No. 1467]

A BILL

To extend the Agricultural Trade Development
and Assistance Act of 1954, and for other
purposes.

By Mr. ELLENDER

MARCH 25 (legislative day, MARCH 9), 1964

Read twice and referred to the Committee on
Agriculture and Forestry

AUGUST 18, 1964

Reported with an amendment

(Supplemental)

A BILL

TO AMEND THE ACT TO PROVIDE FOR THE REGISTRATION OF VOTERS, AND TO AMEND THE ACT TO PROVIDE FOR THE REGISTRATION OF VOTERS, AND TO AMEND THE ACT TO PROVIDE FOR THE REGISTRATION OF VOTERS.

Enacted at the City of Washington, D.C., this _____ day of _____, 19____.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of the Senate at the City of Washington, D.C., this _____ day of _____, 19____.

Senate

Aug. 19, 1964

16. WATERSHEDS. The Subcommittee on Conservation and Credit of the Agriculture Committee approved five watershed projects, and reported them to the full committee. p. D721
17. TOBACCO LABELING. The "Daily Digest" states that the Interstate and Foreign Commerce Committee met in executive session and directed the chairman to write a letter to the Federal Trade Commission requesting a postponement of the effective date of the Commission's report on labeling of cigarettes for 6 months. p. D721
18. LEGISLATIVE PROGRAM. The "Daily Digest" states that on Thurs. the House will act on conference reports on the agricultural appropriations and the military construction appropriation bills; and on H. R. 3869, technical agricultural assistance to Guam. p. D721

SENATE

19. NOMINATION. Confirmed the nomination of John A. Schnittker to the CCC Board. p. 19739
20. FOREIGN AID. Continued debate on H. R. 11380, the foreign-aid authorization bill. pp. 19792-3
21. POVERTY. Sen. Young, Ohio, inserted an editorial outlining the benefits Cleveland will receive from the poverty bill. p. 19752
22. LANDS; FIRES. Sen. Bible announced that he intended to seek supplemental appropriations for rehabilitation of the area burned out in Nev. pp. 19760-1
23. ASC COMMITTEEMEN. Passed as reported S. 1253, to amend section 8(b) of the Soil Conservation and Domestic Allotment Act to provide 3 year terms for county committeemen, and then reconsidered the vote and indefinitely postponed action after passing without amendment H. R. 9178, a similar bill. This bill will now be sent to the President. pp. 19766-7, 19792
24. WILDLIFE. Agreed to the conference report on S. 793, to provide a permanent basis for the management of the four wildlife refuges in the Klamath River Basin of Calif. and Ore. This bill will now be sent to the President. pp. 19824-6
25. PUBLIC LAW 480. Passed with amendment S. 2687, to extend Public Law 480. Agreed to the committee amendment in the nature of a substitute, to an amendment by Sen. Aiken of a perfecting nature, and to an amendment by Sen. Javits adding friendly countries dominated by Communist China as areas the U. S. seeks to make independent of trade with the Communist bloc. pp. 19772-3, 19777-92
26. RECLAMATION. Concurred in the House amendment to S. 26, to authorize the Secretary of the Interior to construct, operate and maintain the Dixie project, Utah. This bill will now be sent to the President. pp. 19773-6
The Interior and Insular Affairs Committee reported without amendment S. 3053, to increase the authorizations for construction of the Riverton Federal reclamation project (S. Rept. 1478), and with amendment H. R. 3672, to provide for the construction, operation, and maintenance of the Savery-Pot Hook, Bostwick Park, and Fruitland Mesa participating reclamation projects under the Colorado River Storage Project Act (S. Rept. 1479). p. 19740

27. LABOR, HEALTH, EDUCATION AND WELFARE APPROPRIATION BILL, 1965. Passed with amendments this bill, H. R. 10809. Conferees were appointed. pp. 19792, 19794-824, 19826
28. LEGISLATIVE PROGRAM. Sen. Mansfield announced that today, Thurs., the Senate would consider the conference reports on the Northwest power intertie and wilderness bills and possibly the Appalachia bill. pp. 19814-5
29. THE SENATE PROCEEDINGS for Aug. 19, 1964 will be continued in the next issue of the Record. p. 19849

BILLS INTRODUCED

30. PERSONNEL. H. R. 12439, by Rep. Tollefson, to correct inequities in the operation of the annuity commencing date provisions of section 3(b) of the act of June 25, 1958, relating to the payment of civil service retirement annuities to certain unmarried widows and widowers; to Post Office and Civil Service Committee.
31. FOREIGN AID. H. R. 12441, by Rep. Cleveland, to provide that U. S. foreign aid shall not be used by recipient countries to conduct activities directed toward obtaining foreign aid from the United States; to Foreign Affairs Committee.
32. HOLIDAY. H.R. 12443, by Rep. Kunkel, making Columbus Day a legal holiday; to Judiciary Committee.

BILL APPROVED BY THE PRESIDENT

33. COMMISSION. H. R. 11611, to establish a National Commission on Technology, Automation, and Economic Progress. Approved Aug. 19, 1964 (Public Law 88-444).

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COMMITTEE HEARINGS AUG. 20:

Water resources, H. Interior (exec).

Appalachian bill, H. Rules.

Extend Public Law 480, H. Rules.

Food additives--transitional provisions, H. Rules.

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88TH CONGRESS
2D SESSION

S. 2687

IN THE SENATE OF THE UNITED STATES

AUGUST 19, 1964

Ordered to be printed as passed

AN ACT

To extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That the Agricultural Trade Development and Assistance
4 Act of 1954, as amended, is further amended as follows:
5 (1) Section 101 of such Act is amended by striking
6 out in subsection (f) the words "from the government or
7 agencies thereof" and further by striking the period at the
8 end of subsection (f) and adding the following: ", and which
9 are not less favorable than the highest of exchange rates
10 obtainable by any other nation."

1 (2) Section 101 of such Act is amended by adding at
2 the end thereof the following new subsection:

3 “(g) require such foreign currencies to be convertible
4 to dollars to the extent consistent with effectuation of the
5 purposes of this Act.”

6 (3) Section 102 of such Act is amended by adding at
7 the end thereof the following: “The Commodity Credit Cor-
8 poration shall finance ocean freight charges under this sec-
9 tion only to the extent that such charges are higher (than
10 would otherwise be the case) by reason of a requirement
11 that the commodities be transported in United States-flag
12 vessels.

13 (4) Section 103 (a) of such Act is amended by adding
14 at the end thereof the following: “In presenting his budget,
15 the President shall classify expenditures under this Act as
16 expenditures for international affairs and finance rather than
17 for agriculture and agricultural resources.”

18 (5) Effective January 1, 1965, section 103 (b) of such
19 Act is amended to read as follows:

20 “(b) Agreements shall not be entered into under this
21 title during the period beginning January 1, 1965, and end-
22 ing December 31, 1966, which will call for appropriations
23 to reimburse the Commodity Credit Corporation in a total
24 amount in excess of \$2,700,000,000 plus any amount by
25 which agreements entered into in prior years have called

1 or will call for appropriations to reimburse the Commodity
2 Credit Corporation in amounts less than authorized for such
3 prior years by this Act as in effect during such years:
4 *Provided*, That agreements shall not be entered into during
5 any calendar year of such period which will call for appro-
6 priations to reimburse the Commodity Credit Corporation in
7 amounts in excess of \$2,500,000,000.”

8 (6) Section 104 of such Act is amended by striking out
9 in subsection (c) the word “military” and inserting after
10 the words “common defense” the words “including internal
11 security”.

12 (7) Section 104 of such Act is amended by striking
13 from subsection (e) the words “not more than 25 per
14 centum of the currencies received pursuant to each such
15 agreement shall be available” and substituting “currencies
16 shall also be available to the maximum usable extent.”

17 (8) Section 104 of such Act is amended (i) by striking
18 out in the first proviso following subsection (s), “subsections
19 (d) and (e) and for payment of United States obligations
20 involving grants under subsection (f)” and inserting in lieu
21 thereof “this section, and to all foreign currencies derived
22 from payments of interest or repayments of principal on loans
23 made under this section,”; and (ii) by striking out the
24 second proviso following subsection (s).

25 (9) Section 104 of such Act is amended by adding at

1 the end thereof the following: "No agreement hereunder
2 shall impose any restrictions not contained in this section on
3 the use to meet the requirements of United States Govern-
4 ment agencies in the importing country of local currencies not
5 devoted to subsection (c), (d), (e), or (g). Any such cur-
6 rencies shall under the terms of the agreement be made legal
7 tender or convertible into legal tender for the purpose of any
8 obligation of the United States or any of its agencies to the
9 government of the importing country or any of its agencies.
10 Any loan made under the authority of this section shall bear
11 interest at such rate as the President may determine but not
12 less than the cost of funds to the United States Treasury,
13 taking into consideration the current average market yields
14 on outstanding marketable obligations of the United States
15 having maturity comparable to the maturity of such loans."

16 (10) Section 108 of such Act is amended by striking out
17 the words "six months" and inserting in lieu thereof the
18 word "year".

19 (11) Section 203 of such Act is amended (i) by striking
20 out "1961" and substituting "1965"; (ii) by striking out
21 "1964" and substituting "1966"; (iii) by striking out
22 "\$300,000,000", and substituting "\$375,000,000"; and
23 (iv) by inserting after "charges for general average contri-
24 butions arising out of the ocean transport of commodities
25 transferred pursuant hereto" the following: "or donated

1 under said section 416, section 308 of this Act or section 9 of
2 the Act of September 6, 1958 (72 Stat. 1790)". Clauses
3 (i), (ii), and (iii) hereof shall not become effective until
4 January 1, 1965.

5 (12) Sections 109 and 204 of such Act are amended by
6 striking out "1964" and inserting "1966".

7 (13) Clause (1) of section 304 (a) of such Act is
8 amended by inserting after the words "Union of Soviet
9 Socialist Republics" the words "or the Communist regime in
10 China".

11 (14) The first sentence of section 403 of such Act is
12 amended by striking out the words "more than" and insert-
13 ing the words "less than".

14 SEC. 2. Subsection (b) of section 612 of the Foreign
15 Assistance Act of 1961, as amended, is amended (1) by
16 redesignating it as subsection (t) of section 104 of the Agri-
17 cultural Trade Development and Assistance Act of 1954,
18 as amended.

19 (2) By inserting after the subsection designation the fol-
20 lowing: "For sale to United States citizens as provided
21 herein.";

22 (3) By striking "this Act" and substituting "the For-
23 eign Assistance Act of 1961, as amended.";

24 (4) By changing the period at the end of the subsection
25 to a comma and adding "except that in the case of any such

1 foreign currencies acquired through operations under title I
2 of the Agricultural Trade Development and Assistance Act
3 of 1954, as amended, the United States dollars received
4 from the sale of such foreign currencies shall be deposited to
5 the account of the Commodity Credit Corporation and shall
6 be treated as a reimbursement to Commodity Credit Corpora-
7 tion under section 105 of this Act.”

8 SEC. 3. Notwithstanding any other provision of law, the
9 Commodity Credit Corporation, in order to encourage ex-
10 ports of extra long staple cotton which is in surplus supply,
11 is directed to sell or otherwise make available for export
12 extra long staple cotton at prices not in excess of the prices
13 at which cotton of comparable qualities is being offered by
14 other exporting countries. Such cotton shall be sold or other-
15 wise made available for export as long as such cotton is in
16 surplus supply as determined pursuant to the provision of
17 section 106 of the Agricultural Trade Development and
18 Assistance Act.

Passed the Senate August 19, 1964.

Attest:

FELTON M. JOHNSTON,

Secretary.

AN ACT

To extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes.

IN THE SENATE OF THE UNITED STATES

AUGUST 19, 1964

Ordered to be printed as passed

harassment and violence by the local authorities wherever they go. I ask unanimous consent that the letter to the editor of the Times be printed in the RECORD at this point in my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

[From the New York Times, Aug. 15, 1964]

NEW YORK'S INVASION BY SOUTH

To the Editor:

Many people in the North as well as the South profess to be indignant about the "invasion" of Mississippi by students from other States. These critics are apparently not aware that such "invasions" have been going on for many years in both the North and the South.

Students from Mississippi and other Southern States have "invaded" New York City year after year, far exceeding in numbers the Northern students now in Mississippi.

Many of the Protestant denominations have summer service projects in New York which have attracted a steady stream of volunteers from the South. I personally know of Mississippi students who have spent the summer working in Harlem.

The East Harlem Protestant Parish is perhaps the best known project of its kind, but there are many others. I once served on the staff of the Methodist Board of Missions in New York and organized a project in Harlem. I remember very well that we had more volunteers from the South than we could accept. (Understandably there were no volunteers from New York City.)

There is nothing at all unusual about the desire of young people to spend a summer working on voter registration projects in Mississippi. It's the same desire that Mississippi students have to work a summer in Harlem.

Both Mississippi and Harlem are dangerous places these days. But it is not in the nature of idealistic young people to shrink from danger. Personally, my hat is off to all of them. What a poor world this would be if our young people lost their desire to serve their fellow man.

Reverend CAXTON DOGGETT.

CIVIL RIGHTS UNDER LAW: STATEMENT OF NEW YORK STATE BAR ASSOCIATION

Mr. JAVITS. Mr. President, earlier this summer the New York State Bar Association issued a statement on civil rights under law which has become increasingly significant. The statement very concisely summarizes the correlative responsibilities of all elements of our society in achieving justice through peaceful and lawful means, and it emphasizes the leadership which is properly expected of the legal community in this moral and social crisis. Kings County Surrogate Orrin G. Judd, one of our most distinguished lawyers, prepared the statement as chairman of the State bar association's committee on civil rights, and I ask unanimous consent that it be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

CIVIL RIGHTS UNDER LAW

(A statement prepared by the committee on civil rights and approved by the executive committee of the New York State Bar Association, June 15, 1964)

The thrust for implementation of Negroes' rights to jobs, education and housing re-

mains the most urgent domestic issue of 1964. It was dramatized in the summer of 1963 by the march on Washington, and the summer of 1964 promises to produce a variety of civil rights activity, both in the South and in the North.

The New York State Bar Association considers this a strategic time to express some basic principles for guidance of lawyers and other citizens in meeting the problem. All our human and property rights depend on a system of laws which are to be obeyed. Flouting any law weakens the grounds of all those rights. New York State has been a pioneer in legal protection of the rights of minorities. There are correlative obligations; on the community, to assure the achievement of racial equality in conformity with law, and on minority groups to conform with law and order in voicing their demands for effective equality.

The first basic principle is that the achievement of racial equality requires the urgent efforts of the entire community. One hundred years after the Emancipation Proclamation, and 10 years after the school segregation decision, there are still many areas of our life where patterns of segregation remain. Antibias housing laws still fall short of permitting the dispersal of minority groups from segregated areas in both urban and suburban communities. Steps to provide true equality of educational opportunities are proceeding slowly, and will require vast sums of money, which may necessitate additional taxes on all our citizens. The opening of new employment opportunities for Negroes has proceeded slowly. There is need for much wider channels of communication, so that the community may be fully aware of minorities' problems, and the minorities may be kept informed of the efforts which are being made to implement their rights.

The second basic principle is that demands for racial equality should be expressed in conformity with law and order. Camping in government or business offices, blocking traffic, or like willful obstructions, are tactics which we believe both bespeak and beget disrespect for law—a disrespect which is singularly antithetical to the goal of equal rights for all. Such tactics are unnecessary in New York State, where the law imposes virtually no obstacles to peaceful protest against social evils, the courts act impartially, the ballot is open equally to all, and public officials are available to all persons asserting grievances. Moreover, demonstrations which interfere with the civil rights of others are not, we suggest, the best way to achieve equality of treatment. Ideally, the common resolve to promote racial justice should not be prejudiced by any misconduct of civil rights advocates. It is a fact of life that demonstrations which violate the rights of others frequently lose friends and alienate the support of many persons of good will. Frustrations caused by delay in reaching full equality do not justify resort to violence or lawbreaking.

The third basic principle is that lawyers should lead in assuring the legal rights of all citizens. They are equipped by training, experience and skill to resolve disputes on a basis of reasonable adjustment, rather than emotion and violence, but they must undertake more active roles both individually and in association than heretofore. We commend the efforts of the Lawyers' Committee for Civil Rights Under Law, to resolve the Nation's racial problems, and we urge all local bar associations to study what needs to be done in their own areas, and to furnish leadership in accomplishing it. The lawyers' committee urges local bar aid in two particular fields—establishing biracial committees to seek solutions to civil rights problems; and seeing that all persons in civil rights controversies can obtain competent legal counsel. When a citizen takes the law

into his own hands by willfully violating it, the result is nothing less than anarchy and must never be condoned by an emotional misjudgment that the end justifies the means. Resentment at illegal demonstrations should not be an excuse for relaxing the efforts of the white community to promote racial justice. Local bar associations can help clarify fundamental legal issues, as a contribution to public discourse.

COST OF LONG-TERM ILLNESS

Mr. JAVITS. Mr. President, although provision for health care of aged persons on public relief rolls has long been established and continues to be improved, and although in recent years we have begun providing through the Kerr-Mills program for the health care of the medically indigent aged, these measures are confined to dealing with dependency after it has occurred. They do not encourage or strengthen the efforts of the aged to avoid dependency or the illness that if not treated on time will lead to chronic sickness and impoverishment. Public relief programs do not reduce the disadvantage of the millions of aged persons in coping with the costs of illness nor ease the special risk they face of losing their self-sufficiency and being reduced to the welfare rolls by the impact of health costs. This is the kind of situation that an adequate program of health care insurance for the aging, with Government and private insurance participation such as I have proposed, can prevent.

I ask unanimous consent to print in the RECORD the article on the effects of long-term illness by Dr. Michael M. Dacso, entitled "A Plea for Improvement in Chronic Medical Care," which appeared in Medical Tribune, July 8, 1964.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Medical Tribune, July 8, 1964]

A PLEA FOR IMPROVEMENT IN CHRONIC MEDICAL CARE

(By Michael M. Dacso, M.D., professor, physical medicine and rehabilitation, New York University School of Medicine; director, Department of Physical Medicine and Rehabilitation, Goldwater Memorial Hospital, New York)

In the past the responsibility for the care of the indigent and chronically ill aged and handicapped was traditionally entrusted to county homes, poor farms, and other publicly owned institutions with almost universally low standards of care. In recent years this regrettable situation has begun to improve as responsibility for long-term medical care has gradually, albeit reluctantly, been included in the general medical care pattern. Some hospitals, as well as public and voluntary agencies, have already made or are in the process of planning changes in their long-term medical care programs. In addition, sporadic but vigorous research trends are also evident in this field.

Today's medical education is still primarily focused on acute illnesses. However, it is becoming increasingly recognized that a substantial proportion of patients suffer from chronic ailments for which the medical student has not been adequately prepared. Recognition of this deficiency has already shown itself in places by the introduction of at least a degree of instruction in chronic medical care in our already critically overburdened medical school curriculums.

Changes in curriculum content alone will not solve the problems of long-term medical

care. What is needed is a reevaluation of the basic concept of comprehensive medical responsibility. The student should be trained to recognize and accept, as a fundamental principle, that the physician's responsibilities go far beyond a concern for his patients' health and include a concern for their total welfare.

Long-term illnesses affect a large segment of the population and if this problem is left unsolved it will continue to exacerbate the already politically volatile needs and demands of our population. Unless planned action is taken, arbitrary and ill-conceived decisions will be made which are motivated by exigency rather than by sound public policy. The solution of important health issues by using emotional rather than professional considerations can only lead to an intensification of this already difficult situation and as a result the public and the medical profession will suffer.

At the present time, with a few exceptions, neither the physical plant and equipment nor the professional and ancillary staff of the chronic disease hospitals can be compared favorably with those of the general hospitals. It cannot be denied that the quality of medical care available to the acutely ill is far superior to the care given to the chronically ill. Such a double standard is not compatible with the concepts of modern medical care. The need for prolonged hospitalization should not be used as an excuse for substandard services. Patients suffering from chronic illnesses require the same high-quality medical and nursing services as the acutely ill patients. The magnitude of the problem of chronic illness is such that only the coordinated efforts of physicians and other experts in the health and social fields can meet it. Therefore, it is suggested that a study group be organized similar to the now defunct Commission on Chronic Illness. This organization should be responsible for making recommendations for immediate improvements as well as long-range planning in chronic medical care.

The problem of long-term medical care is not new. The most conscientious, dedicated, and knowledgeable efforts of many governmental and voluntary agencies, such as the Commission on Chronic Illness, the U.S. Public Health Service, and the local governmental and voluntary health agencies, have so far not resulted in the sorely needed improvement in the standards of chronic medical care. The task of preventing the ravages of chronic diseases and of treating and rehabilitating the physically handicapped is an enormous one, and the longer it is postponed the more formidable it becomes. In view of these undeniable facts it is suggested that we forget the frustrating failures of the past and that vigorous steps be taken to develop a sound and realistic long-term medical care policy. With appropriate modifications to suit local and regional needs, programs could be introduced in some of the already existing chronic disease institutions. New services should be created where necessary and those which are capable of improvement should be revitalized.

Intensification of the fight against chronic illness has never been more timely than it is at the present time when the world's economically best endowed nation has begun a concentrated attack against poverty. Long-term illness is undeniably a significant factor in creating poverty. It saps the patient of his vital strength and drains his financial resources, often contributing heavily to the complete disintegration of the family structure. A multiplicity of such family situations eventually strikes at the very heart of the community leading to social and economic disorganization. Radical and immediate improvements in long-term medical care would not only help to eliminate a major

health problem but would serve as a most effective tool in the struggle to raise the physical and economic standards of the Nation.

BERNARD BARUCH

Mr. PELL. Mr. President, all of us have long admired Bernard Baruch. If ever there was a man who displayed the old Renaissance characteristics of the homo universale, of doing everything well—in commerce, government, literature, and athletics—it is he.

Speaking particularly as a U.S. Senator, I am most conscious of the service he has rendered our Nation over the years. It is for this reason that I pay public tribute to him on his 94th birthday.

SENATOR MCINTYRE'S WISE AND THOUGHTFUL EXPOSITION ON EXTREMISM

Mr. PROXMIER. Mr. President. The word "extremism" has been injected perhaps more than any other into our public oratory of late. There have been explanations, definitions, and rebuttals by the score.

One of the most clearly worded and incisive statements I have seen was one written by my colleague, Senator Tom McIntyre, and distributed to the newspapers in his State of New Hampshire. He shows exactly why it is false indeed ridiculous, to call great American patriots past and present "extremists."

Mr. President, I ask unanimous consent to have the article inserted in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

A REPORT FROM WASHINGTON ON EVENTS AND ISSUES FROM U.S. SENATOR TOM MCINTYRE

More and more the American people are being subjected to the watery idea—disguised as a philosophy—that there is only one way to be patriotic, one way in which to love your country. Now we are told there is but one label to pin on those who have defended our priceless liberty and fought for justice—extremist.

We are told that, among others, George Washington was an extremist, Patrick Henry was an extremist, Abraham Lincoln was an extremist, Dwight Eisenhower was an extremist. And how do the new prophets justify calling these and other American heroes extremists? Because they have defended liberty and fought for justice and equality. This, we are told, is synonymous with extremism and, therefore, we have nothing to fear from extremist groups. This is sheer nonsense.

These budding philosophers are entangled in a monumental mass of confusion. They are confusing extremists with those who oppose them. They say, in effect, that extremism and fighting extremism are the same thing.

Were the farmers of Lexington and Concord extremists because when all else failed, they leveled their muskets in defense of life, liberty, and property? Were the opponents of a "state" church and of taxation without representation extremists?

And were the people who believed that one man should not own another extremists? Were those who fought a war to end the practice of slavery extremists?

Was General Eisenhower an extremist when he landed in Normandy? Was our part in World War II extremism?

Or—was not the British crown in the 18th century the extremists? And were not the proslavery people in the 19th century the extremists? And was it not the hellish crusade of Hitler in the 20th century—with its death camps and desire for world conquest—that was absolute extremism?

Must everyone who has ever fought or died in the cause of liberty and justice now be lumped together with the evil forces they were fighting? Only, I submit, if after winning their battles they take on the tinge of those they have defeated.

To recognize the evils in a system such as Soviet communism which, after helping free the people enslaved by Hitler, itself became the master of some of the same people, is one thing. However, to give the name "Communist" to everyone who disagrees with one's philosophy, to tag Dwight Eisenhower a knowing agent of the Communist conspiracy, to hysterically overrate the Red threat domestically at the dangerous cost of underrating it internationally—this is another thing. It is extremism.

Let us not become involved in a sea of technicalities which obscure true meaning. No one will deny that war is an extreme action. No one will deny that those who fight a war—even those who were forced into it—were taking part in an extreme activity. But let's look at some of the people who fought in that war—John F. Kennedy, Lyndon B. Johnson, Dwight D. Eisenhower, George C. Marshall. Remember, the day war ended these great patriots—yes, patriots—turned their thoughts completely toward peace. Vengeance and vindictiveness played no part in their lives or actions.

In defense of liberty, this Nation undertook to rebuild a broken Europe (including the homeland of our former enemy), to feed the starving children of war-torn countries, and, perhaps most important, to help restore the dignity of people who had lived for years beneath the boot of tyranny. In pursuit of justice, we refrained from exterminating the former exterminators. Instead the chieftains of the Third Reich were given trials, allowed due process of law in courts open to the eyes of the world.

Let us not confuse these acts with extremism—an "ism" that has no place beside Americanism, patriotism, and humanism.

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

EXTENSION OF THE AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the unfinished business be temporarily laid aside and that the Senate proceed to the consideration of Calendar No. 1402, S. 2687.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (S. 2687) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Agriculture and Forestry, with an

amendment, to strike out all after the enacting clause and insert:

That the Agricultural Trade Development and Assistance Act of 1954, as amended, is further amended as follows:

(1) Section 101 of such Act is amended by striking out in subsection (f) the words "from the government or agencies thereof" and further by striking the period at the end of subsection (f) and adding the following: ", and which are not less favorable than the highest of exchange rates obtainable by any other nation."

(2) Section 101 of such Act is amended by adding at the end thereof the following new subsection:

"(g) require such foreign currencies to be convertible to dollars to the extent consistent with effectuation of the purposes of this Act."

(3) Section 102 of such Act is amended by adding at the end thereof the following: "The Commodity Credit Corporation shall finance ocean freight charges under this section only to the extent that such charges are higher (than would otherwise be the case) by reason of a requirement that the commodities be transported in United States-flag vessels."

(4) Section 103(a) of such Act is amended by adding at the end thereof the following: "In presenting his budget, the President shall classify expenditures under this Act as expenditures for international affairs and finance rather than for agriculture and agricultural resources."

(5) Effective January 1, 1965, section 103 (b) of such Act is amended to read as follows:

"(b) Agreements shall not be entered into under this title during the period beginning January 1, 1965, and ending December 31, 1966, which will call for appropriations to reimburse the Commodity Credit Corporation in a total amount in excess of \$2,700,000,000 plus any amount by which agreements entered into in prior years have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such prior years by this Act as in effect during such years: *Provided*, That agreements shall not be entered into during any calendar year of such period which will call for appropriations to reimburse the Commodity Credit Corporation in amounts in excess of \$2,500,000,000."

(6) Section 104 of such Act is amended by striking out in subsection (c) the word "military" and inserting after the words "common defense" the words "including internal security".

(7) Section 104 of such Act is amended by striking from subsection (e) the words "not more than 25 per centum of the currencies received pursuant to each such agreement shall be available" and substituting "currencies shall also be available".

(8) Section 104 of such Act is amended (i) by striking out, in the first proviso following subsection (s), "subsections (d) and (e)" and for payment of United States obligations involving grants under subsection (f)" and inserting in lieu thereof "this section, and to all foreign currencies derived from payments of interest or repayments of principal on loans made under this section,"; and (ii) by striking out the second proviso following subsection (s).

(9) Section 104 of such Act is amended by adding at the end thereof the following: "No agreement hereunder shall impose any restrictions not contained in this section on the use to meet the requirements of United States Government agencies in the importing country of local currencies not devoted to subsection (c), (d), (e), or (g). Any such currencies shall under the terms of the agreement be made legal tender or convertible into legal tender for the purpose of any obligation of the United States or any of its

agencies to the government of the importing country or any of its agencies. Any loan made under the authority of this section shall bear interest at such rate as the President may determine but not less than the cost of funds to the United States Treasury, taking into consideration the current average market yields on outstanding marketable obligations of the United States having maturity comparable to the maturity of such loans."

(10) Section 108 of such Act is amended by striking out the words "six months" and inserting in lieu thereof the word "year".

(11) Section 203 of such Act is amended (i) by striking out "1961" and substituting "1965"; (ii) by striking out "1964" and substituting "1966"; (iii) by striking out "\$300,000,000", and substituting "\$375,000,000"; and (iv) by inserting after "charges for general average contributions arising out of the ocean transport of commodities transferred pursuant hereto" the following: "or donated under said section 416, section 308 of this Act or section 9 of the Act of September 6, 1958 (72 Stat. 1790)". Clauses (i), (ii), and (iii) hereof shall not become effective until January 1, 1965.

(12) Sections 109 and 204 of such Act are amended by striking out "1964" and inserting "1966".

(13) The first sentence of section 403 of such Act is amended by striking out the words "more than" and inserting the words "less than".

SEC. 2. Subsection (b) of section 612 of the Foreign Assistance Act of 1961, as amended, is amended (1) by redesignating it as subsection (t) of section 104 of the Agricultural Trade Development and Assistance Act of 1954, as amended.

(2) By inserting after the subsection designation the following: "For sale to United States citizens as provided herein."

(3) By striking "this Act" and substituting "the Foreign Assistance Act of 1961, as amended."

(4) By changing the period at the end of the subsection to a comma and adding "except that in the case of any such foreign currencies acquired through operations under title I of the Agricultural Trade Development and Assistance Act of 1954, as amended, the United States dollars received from the sale of such foreign currencies shall be deposited to the account of the Commodity Credit Corporation and shall be treated as a reimbursement to Commodity Credit Corporation under section 105 of this Act."

SEC. 3. Notwithstanding any other provision of law, the Commodity Credit Corporation, in order to encourage exports of extra long staple cotton which is in surplus supply, is directed to sell or otherwise make available for export extra long staple cotton at prices not in excess of the prices at which cotton of comparable qualities is being offered by other exporting countries. Such cotton shall be sold or otherwise made available for export as long as such cotton is in surplus supply as determined pursuant to the provision of section 106 of the Agricultural Trade Development and Assistance Act.

Mr. JAVITS. Mr. President, I have an amendment to offer to the committee amendment.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ELLENDER. Mr. President, I ask unanimous consent that the order for the quorum call may be rescinded.

The PRESIDING OFFICER (Mr. NELSON in the chair). Without objection, it is so ordered.

CONSTRUCTION, OPERATION, AND MAINTENANCE OF DIXIE PROJECT, UTAH

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 26) to authorize the Secretary of the Interior to construct, operate, and maintain the Dixie project, Utah, and for other purposes, which was to strike out all after the enacting clause and insert:

That, for the purposes of developing the water resources of the Virgin and Santa Clara Rivers, including the furnishing of municipal and industrial water supplies, the furnishing of an irrigation water supply to approximately twenty-one thousand acres of land, the control of floods, the generation and sale of electric energy, the conservation and development of fish and wildlife resources, and the enhancement of recreation opportunities the Secretary of the Interior is authorized to construct, operate, and maintain the Dixie project, Utah. The project shall consist of the Virgin City Dam and Reservoir, tunnels, canals, siphons, pumping plants, and other works necessary to serve irrigated and irrigable lands along and adjacent to the Virgin River; a dam on the Santa Clara River near Gunlock, Utah, and other works necessary to serve irrigated and irrigable lands along and adjacent to the Santa Clara River and on Ivins Beach; and hydroelectric plants and transmission facilities at the Virgin City Dam and at such other points as are desirable. The Dixie project shall be coordinated with the Cedar City water development program which includes the diversion of the waters of Crystal Creek into the Kolob Reservoir, and after completion of the Dixie project said waters of Crystal Creek and of the natural watershed of said Kolob Reservoir shall be exported for use of Cedar City and vicinity in accordance with an agreement entered by Cedar City and Iron County, Utah, on the 26th day of August 1953, with Kolob Reservoir and Storage Association, Incorporated, and Washington County, Utah.

SEC. 2. The project shall include such measures for the disposition of saline waters of La Verkin Springs as are necessary in the opinion of the Secretary to insure the delivery of water at downstream points along the Virgin River for water users in the States of Arizona and Nevada of suitable quality for irrigation, or provision shall be made to indemnify such water users for any impairment of water quality for irrigation purposes directly attributable to Dixie project operations.

SEC. 3. In constructing, operating, and maintaining the works authorized by this Act, the Secretary shall be governed by the Federal reclamation laws (Act of June 17, 1902 (32 Stat. 388), and Acts amendatory thereof or supplementary thereto), except as is otherwise provided in this Act.

SEC. 4. Construction of the project shall not be commenced until there shall be established a conservancy district or similar organization with such powers as may be required by the Secretary, these to include powers to tax both real and personal property within the boundary of the district and to enter into contracts with the United States for the repayment of reimbursable costs.

SEC. 5. The interest rate to be used for purposes of computing interest during construction and interest on the unpaid balance of those portions of the reimbursable costs which are properly allocable to commercial power development and municipal and industrial water supply shall be determined by the Secretary of the Treasury, as of the beginning of the fiscal year in which the bill is enacted, on the basis of the computed average interest rate payable by the Treas-

ury upon its outstanding marketable public obligations, which are neither due nor callable for redemption for fifteen years from date of issue. If the interest rate so computed is not a multiple of one-eighth of 1 per centum, the rate of interest to be used for these purposes shall be the multiple of one-eighth of 1 per centum next lower than the rate so computed. The portions of the costs which are allocable to commercial power development and to municipal and industrial water supply shall be repaid over a period of fifty years, with interest at the rate determined in accordance with this section. The portion of the cost which is allocable to irrigation shall be repaid, pursuant to reclamation law, within fifty years plus any authorized development period.

SEC. 6. The Secretary is authorized in connection with the project to construct, operate, and maintain or otherwise provide for the basic public outdoor recreation facilities, to acquire or otherwise to include within the project area such adjacent lands or interests therein as are necessary for public recreation use, to allocate water and reservoir capacity to recreation, and to provide for the public use and enjoyment of project lands, facilities, and water areas in a manner coordinated with other project purposes. The Secretary is authorized to enter into agreements with Federal agencies or State or local public bodies for the operation, maintenance, and additional development of project lands or facilities, or to dispose of project lands or facilities to Federal agencies, or State or local public bodies by lease, transfer, conveyance, or exchange, upon such terms and conditions as will best promote the development and operation of such lands or facilities in the public interest for recreation purposes. The costs of the aforesaid undertakings, and the costs of the project allocated to fish and wildlife enhancement, including costs of investigation, planning, Federal operation and maintenance, and an appropriate share of joint costs of the project, shall be nonreimbursable. Nothing herein shall limit the authority of the Secretary granted by existing provisions of law relating to recreation development of water resource projects, or disposition of public lands for recreational purposes.

SEC. 7. The use of all water diverted for this project from the Colorado River system shall be subject to and controlled by the Colorado River compact, the Boulder Canyon Project Act (45 Stat. 1057; 43 U.S.C. 617t), and the Mexican Water Treaty (Treaty Series 994) (59 Stat. 1219).

SEC. 8. There is hereby authorized to be appropriated for the construction of the Dixie project, the sum of \$42,700,000, plus or minus such amounts, if any, as may be justified by reason of ordinary fluctuations in construction costs as indicated by engineering cost indexes applicable to types of construction involved therein, and, in addition thereto, such sums as may be required to operate and maintain said project.

Mr. MOSS. Mr. President, on Monday of this week, the House of Representatives approved S. 26, the measure I introduced on January 14, 1963, to authorize the Dixie reclamation project in Utah. I was, of course, elated to have House action on this project for which the people of southern Utah have waited so long. But my elation was considerably tempered by the amendments added to the bill by the House Interior Committee.

The committee abandoned the concept recognized in Central Valley, Missouri Basin, and other reclamation legislation that a project should bear the costs of highway relocation, and that the water or power users should not be called upon

to pay back these costs. The House Interior Committee amended the Dixie bill to shift about \$2 million of the costs to the State and the power consumers in the area by putting the costs of relocating a highway on the State of Utah and increasing the power rates for the citizens of St. George. There is no precedent for shifting the road costs to the State, but this amendment was not successfully opposed in the House.

The House committee also rejected a Senate provision allowing the repayment of \$3 million of project construction costs from Hoover Dam revenues. This provision also followed a pattern which has been well set, since excess costs are repaid by the power revenues in basin accounts in most areas. But the House struck this from the bill. The Dixie project is in the lower basin of the Colorado River. There are huge power revenues available from the great Hoover Dam and other dams on the lower Colorado. Three million dollars was a very minor part of those revenues, yet of greatest importance to a small project like Dixie. It does not seem fair to deny this power revenue support to Dixie, just because no lower basin fund is yet in existence.

Proposals have already been made for the development of a Lower Colorado River Basin account, but such a proposal cannot be enacted this year. However, in anticipation of the establishment of such a fund—which we already have in the Upper Colorado River Basin—the Department of the Interior offered no objection to plans to allow the Dixie project to use a very small portion of Hoover Dam revenues. The Senate agreed that this was fair.

I wish to serve notice now, therefore, that I shall make an effort, when the lower basin account bill is before the Senate, to amend it to lessen the burden placed by the House bill upon the power and water users of the Dixie project in paying out the project.

I shall try first to include in the basin bill provision for the repayment of the highway relocation costs, for I know of no instance before when a Federal reclamation project has been made contingent on State assumption of part of the expense. The amendment which was allowed to go in the House is not equitable to the State of Utah.

Next, I shall try to revise the power contract for the city of St. George. This power rate should be comparable with that in other areas located in the marketing area of a Federal power project. It is not—it is much higher. It is considerably higher even than the rate people in other sections of southern Utah will be paying for Glen Canyon power.

My somewhat testy reaction to the changes made in the Dixie reclamation bill by the House Interior Committee is heightened, I will admit, by the provisions of another reclamation project reported by the House committee only a few days before the Dixie project. I am referring to the Savory-Pothook project for Colorado and Wyoming. As chairman of the Senate Irrigation and Reclamation Subcommittee, I was asked by the House committee to schedule hearings on

this measure as soon as the House had acted on it—which I did within a week and with pleasure, even though we were in the last days of the session.

The Savory-Pothook project pays back a much smaller percentage of its costs than will Dixie. For example, \$30,182,000 of the costs of the Dixie project have been allocated to irrigation, of which \$17,890,000 must be paid back by the water users. Some \$15,065,000 of the costs of Savory-Pothook have been allocated to irrigation, of which only \$2 million must be paid back. In other words, the farmers who will use Dixie water to irrigate their farms must pay back over half of the irrigation costs of the project; the farmers who will use Savory-Pothook water will pay back only one-eighth of the project irrigation costs.

Again, the ad valorem tax to residents of Washington County, site of the Dixie project, is 5 mills countywide; Savory-Pothook residents will pay less than 2 mills.

I realize that the Savory-Pothook project is a high-altitude project, with limited acreage to be brought under cultivation, while Dixie is located in a section of the country where the climate is mild and where it has been proved that water can create endless lush green fields growing a variety of crops in an extended growing season.

Savory-Pothook operations must, therefore, be large-scale farming operations, since it will require a large unit to make them economical. Dixie, on the other hand, will bring water to many small farms, of limited acreage, some of them inadequate for more than marginal living. So when the Congress makes it more difficult for the Dixie water users to pay out their project, we put a greater burden on the small farmer on the postage-stamp farm. This I cannot accept without making vigorous objection.

I must make it plain, therefore, that I feel the amendments which were allowed to go into the House version of the bill to authorize the Dixie reclamation project are not equitable to the State of Utah. I should like for the legislative history of S. 26, the Dixie project bill, to make it clear, in fairness to my colleagues in the Senate, that although I must accept the House amendment today in order to insure passage of the bill in this Congress and get the project underway, I shall make every effort to repair the damage which was done to the bill at a later date as the opportunity presents itself. I know that a number of my colleagues in this body agree to the equity of this, just as they agreed to the equity of the bill as passed by the Senate.

The Dixie project is an excellent project. The cost benefit ratio exceeds 2.2 to 1. It is of regional and national, as well as local, importance.

The project is located in the Virgin River Basin in southwestern Utah. The river rises in the high plateaus and mountains of western Kane County, Utah. It flows through Iron and Washington Counties in Utah, across the corner of Mohave County, Ariz., and discharges into Lake mead in Clark County, Nev., making it a part of the lower Colorado River Basin.

which it requested the concurrence of the Senate:

- S. 1875. An act for the relief of Thomas M. Talley; and
S. 2170. An act for the relief of Mary Lane Laycock.

The message also announced that the House had passed the bill (S. 2905) to provide for the appointment of a Commissioner General for U.S. participation in the Canadian Universal and International Exhibition, and for other purposes, with amendments, in which it requested the concurrence of the Senate.

The message further announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

- H.R. 3642. An act for the relief of Mike Mizokami, Sam Mizokami, Tom Mizokami, and Hatsuyo Mizokami;
H.R. 4082. An act for the relief of Robert O. Overton, Marjorie C. Overton, and Sally Eitel;
H.R. 4967. An act for the relief of Mrs. Marie Rose Colandro;
H.R. 5079. An act for the relief of Robert L. Yates and others;
H.R. 5411. An act for the relief of Edward Berger;
H.R. 5759. An act for the relief of Connecticut Beverage Co., Inc.;
H.R. 6136. An act for the relief of CWO Elden R. Comer;
H.R. 6593. An act for the relief of Earnest O. Scott;
H.R. 7348. An act for the relief of Frank B. Rowlett;
H.R. 8156. An act to authorize the Secretary of the Interior to convey certain lands in Pima County, Ariz., to Edward O. Earl;
H.R. 8300. An act for the relief of Gordon W. McGrew;
H.R. 8596. An act for the relief of Patrick J. Clyne;
H.R. 9201. An act for the relief of Capt. Charles H. Glassett, Jr.;
H.R. 9282. An act for the relief of CWO Edward E. Kreiss;
H.R. 9902. An act for the relief of William L. Chatelain, U.S. Navy, retired;
H.R. 10294. An act for the relief of Mrs. Lois Graybill;
H.R. 10634. An act for the relief of the Quality Bedding Co.;
H.R. 11223. An act for the relief of Edward G. Morhauser;
H.R. 11735. An act for the relief of Shirley Shapiro; and
H.R. 12342. An act to authorize certain retired and other personnel of the U.S. Government to accept and wear decorations, presents, and other things tendered them by certain foreign countries.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Acting President pro tempore:

- S. 1363. An act to increase the participation by counties in revenue from the National Wildlife Refuge System by amending the act of June 15, 1935, relating to such participation, and for other purposes;
S. 1664. An act to provide for continuous improvement of the administrative procedure of Federal agencies by creating an Administration Conference of the United States, and for other purposes; and
S. 2369. An act to retrocede to the State of Kansas exclusive jurisdiction over certain State highways bordering Fort Leavenworth

Military Reservation and the U.S. Penitentiary at Leavenworth.

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred, as indicated:

- H.R. 3642. An act for the relief of Mike Mizokami, Sam Mizokami, Tom Mizokami, and Hatsuyo Mizokami;
H.R. 4082. An act for the relief of Robert O. Overton, Marjorie C. Overton, and Sally Eitel;
H.R. 4967. An act for the relief of Mrs. Marie Rose Colandro;
H.R. 5079. An act for the relief of Robert L. Yates and others;
H.R. 5411. An act for the relief of Edward Berger;
H.R. 5759. An act for the relief of Connecticut Beverage Co., Inc.;
H.R. 6136. An act for the relief of CWO Elden R. Comer;
H.R. 6593. An act for the relief of Earnest O. Scott;
H.R. 7348. An act for the relief of Frank B. Rowlett;
H.R. 8300. An act for the relief of Gordon W. McGrew;
H.R. 8596. An act for the relief of Patrick J. Clyne;
H.R. 9201. An act for the relief of Capt. Charles H. Glassett, Jr.;
H.R. 9282. An act for the relief of CWO Edward E. Kreiss;
H.R. 9902. An act for the relief of William L. Chatelain, U.S. Navy, retired;
H.R. 10634. An act for the relief of the Quality Bedding Co.;
H.R. 11223. An act for the relief of Edward G. Morhauser; and
H.R. 11735. An act for the relief of Shirley Shapiro; to the Committee on the Judiciary.
H.R. 8156. An act to authorize the Secretary of the Interior to convey certain lands in Pima County, Ariz., to Edward O. Earl; to the Committee on Interior and Insular Affairs.
H.R. 10294. An act for the relief of Mrs. Lois Graybill; to the Committee on Finance.
H.R. 12342. An act to authorize certain retired and other personnel of the U.S. Government to accept and wear decorations, presents, and other things tendered them by certain foreign countries; to the Committee on Foreign Relations.

EXTENSION OF THE AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954

The Senate resumed consideration of the bill (S. 2687) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes.

Mr. ELLENDER. Mr. President, we have before the Senate the bill, S. 2687, which would extend Public Law 480, the so-called food-for-peace program for a period of 2 years with a total authorization under title I of \$2.7 billion plus the use of carryover and reimbursement from other agencies, which amounts to about \$1.3 billion. Title II authorization has been increased to \$375 million.

This program was initiated in 1954 and has served the national interest well during the last 10 years.

It has had dual objectives. On the one hand, it has assured an enlarged outlet for U.S. farm products. On the other, it has been the most effective instrument ever devised by any government to share its food abundance with free and hungry

people the world over. Under this program, the products of America's farms have reached more than 100 million people in more than 100 nations.

Public Law 480 operations are large from any standpoint. Commitments totaling over \$20 billion at cost to the Commodity Credit Corporation have been entered into under all titles of Public Law 480 during the 10 years between July 1, 1954 and June 30, 1964. This total includes ocean transportation financed by the CCC under cargo preference and other requirements.

Commodities having an export market value of \$12.3 billion were actually shipped under all titles during the last 10 years. Public Law 480 exports represent approximately 27 percent of the total \$44.8 billion worth of agricultural products shipped in this period.

The economic impact of Public Law 480 is particularly great in the case of some commodities.

For example, Public Law 480 shipments of wheat in the fiscal year 1964 were equal to 43 bushels out of every 100 bushels of wheat U.S. farmers harvested in 1963. Total Public Law 480 wheat exports of 3½ billion bushels were equivalent to three average U.S. crops.

Public Law 480 exports of rice this year equaled 30 bags out of every 100 harvested by growers in 1963. Total shipments under the program amount to 160 million bags, rough basis—equivalent to more than two average U.S. crops.

Cotton exports under Public Law 480 have totaled 11 million bales with a value of \$1.5 billion.

Public Law 480 has opened up outlets for 5.5 billion pounds of nonfat dry milk, 4.8 billion pounds of soybean oil, and substantial volumes of feed grains, tobacco, and other commodities.

Public Law 480, directly and indirectly, helped the United States in the fiscal year 1964 set a new agricultural export record of \$6.1 billion. Of this total, \$1.5 billion, or about 25 percent, represented shipments under Public Law 480. But the commercial exports of \$4.6 billion, also a new high record, reflected in considerable degree the export-expanding effects of market development programs made possible through Public Law 480.

TITLE I

Title I accounts for the largest volume of activity, with slightly over 60 percent of the total Public Law 480 exports of agricultural commodities moving out as sales for foreign currencies.

In terms of export market value, these shipments have accounted for approximately \$8 billion of agricultural exports during the 10-year period.

The Commodity Credit Corporation is reimbursed by congressional appropriation for the actual costs incurred in financing title I shipments. These costs include the difference between the domestic price and the export market value of the commodities, storage, handling, and other charges, including transportation, interest, and administrative costs, as well as the cost of transporting 50 percent of the agricultural commodities on U.S.-flag vessels as required by the Cargo Preference Act.

The total charge, including all costs, against title I of Public Law 480 since the beginning of the program for commodities actually exported is estimated at about \$12 billion.

Under existing legislation the President has been authorized to enter into agreements under title I, which will not call for appropriations to reimburse Commodity Credit Corporation in excess of \$15.8 billion. As of June 30, 1964, agreements had been entered into with an estimated CCC cost of \$14.2 billion. The export market value of the commodities is estimated at \$8.9 billion, financing of ocean freight about \$1.1 billion and additional CCC costs total about \$4 billion.

These agreements provide for the sale of more than 3 billion bushels of wheat, 433 million bushels of feed grains, 88 million bags of rice, 8.9 million bales of cotton, 7.9 billion pounds of fats and oils, and large quantities of other surplus commodities.

TITLE II

Title II of Public Law 480 authorizes the use of surplus agricultural commodities held in stock by the Commodity Credit Corporation for disaster relief and other assistance.

Section 201 of the legislation provides that emergency commodity assistance to meet famine or other urgent or extraordinary relief requirements may be given to friendly countries or to friendly people without regard to the friendliness of their government.

The expanded authority to use food as a direct self-help incentive was written into Public Law 480 in 1960 under section 202 of title II. Under this authority, food is being widely used as part payment of wages for work on projects such as land clearing, building earthen dams, and simple farm-to-market access roads. In addition, food is being provided to farmers and their families while they are bringing new land into production or changing existing land use; to grubstake colonists; to combat teenage unemployment through work camps; and for other worthwhile purposes. Although the so-called food-for-work programs are relatively new, projects are now active in 22 countries, giving employment to an estimated 700,000 workers and providing food to more than 4 million persons.

Under the expanded authority to use food to promote economic development, there has been and will continue to be a shift from relief feeding to food-for-work community development programs.

Total title II commitments through June 30, 1964, is \$1.7 billion. This amount includes about \$1.3 billion in commodities and the remainder of \$400 million in ocean transportation costs both for title II shipments and for title III foreign donation shipments.

TITLE III

Title III authorizes two programs. Section 302 amended and broadened the authority contained in section 416 of the Agricultural Act of 1949 for donations of surplus food for domestic distribution to eligible recipients and institutions, and for distribution to needy persons overseas through nonprofit American vol-

untary relief agencies and intergovernmental organizations.

Section 303 provides for the barter of CCC agricultural commodities for strategic and other materials, goods and equipment.

Under the foreign donations program, during the past 10 years, the U.S. Government has distributed more than 20 billion pounds of commodities at a CCC cost of about \$2.4 billion, with the greatest volume being in flour, nonfat dry milk, rice, cornmeal, and dairy products. Distribution has been made in 112 countries with a relatively even distribution among the continents.

During the past year commodities shipped were wheat and wheat flour, corn and cornmeal, nonfat dry milk, vegetable oils, shortening, beans, bulgur, butter, butter oil, cheese, ghee, and rolled wheat totaling more than 3 billion pounds and with a CCC value of more than \$330 million.

The provisions of section 303 require that barter transactions be in the best interest of the United States. A number of restrictions form a framework for barter transactions—among them, first, agricultural commodities may not be transshipped from approved countries of destination without prior approval; second, materials delivered in exchange for the commodities must originate in friendly countries; and third, financial coverage for agricultural commodities, taken in advance of barter materials deliveries is required in the form of cash deposits or irrevocable letters of credit in favor of CCC.

The barter program is being utilized to the maximum extent possible in offshore procurements by Government agencies to stem the flow of U.S. dollars abroad.

The total value of surplus agricultural commodities exported under barter contracts entered into since the beginning of the program is \$1.7 billion.

Contracts negotiated during the calendar year 1963 had a value of \$141.5 million.

TITLE IV

Title IV of Public Law 480 provides for long-term supply and dollar credit sales of U.S. agricultural commodities. Major objectives of this title are to stimulate and increase the sale of U.S. agricultural commodities for dollars through the extension of credit which will assist in maximizing U.S. dollar exports of such commodities, develop foreign markets for U.S. agricultural commodities, and assist in the development of the economies of friendly nations.

This program is being used by some dollar-short countries whose economies are improving as a "transition stage" from title I purchases with foreign currencies to straight cash purchases with dollars.

Under the program, agreements are entered into by the U.S. Government with governments of friendly nations—and with individuals, commercial firms, cooperative associations, or other private organizations of the United States or friendly foreign countries—for delivery of surplus agricultural commodities for periods up to 10 years. Credit periods

of up to 20 years are authorized, with both principal and interest being paid in U.S. dollars.

Sales in recipient countries of the commodities supplied on credit have made local currencies available in those countries for various projects which are contributing significantly to economic growth.

The first dollar repayments of credit extended under title IV agreements were received by the United States in 1963. Through June 30, 1964, the United States received from foreign governments dollar payments of \$3 million on principal and \$1.8 million in interest against their obligation under the program.

USE OF FOREIGN CURRENCIES

Title I sales agreements include the terms for the deposit and use of foreign currency proceeds. The agreements as now written specify the percentage of total proceeds to be used for grants and loans to the purchasing government under sections 104 (c), (e), and (g), and for loans to private business firms under section 104(e). The percentage for U.S. uses authorized by section 104 of the act is shown as a combined total. As shipments are made, the foreign currencies are deposited to the account of the U.S. disbursing officer. The Treasury Department establishes and administers regulations concerning the custody, deposit, and sale of the currencies.

Title I sales proceeds available under the terms of the sales agreement for U.S. uses are generally available to agencies only when their use is charged to regular agency appropriations. These currencies are used for the payment of U.S. Government expenses which are payable in local currency, for accommodation exchange sales for dollars to U.S. Government personnel, and where possible for sale to tourists. The dollars received are credited to the Commodity Credit Corporation.

In countries where the supply of currencies is in excess of requirements for the payment of normal expenses, "U.S. use" proceeds are available for use under appropriations for special foreign currency programs as authorized by sections 104(a), (b), (d), and (h) through (r) of Public Law 480 or other laws. In addition, sales of currencies to tourists may be undertaken under section 104(s). U.S. holdings of the currencies of Burma, India, Indonesia, Israel, Pakistan, Poland, the United Arab Republic, and Yugoslavia were determined by the Treasury Department to be in excess of foreseeable U.S. requirements for the fiscal year 1964.

Agencies desiring to use currencies for special foreign currency programs—which may cover activities of lower priority than regular appropriations—include estimates in their budget submissions to the Bureau of the Budget. These proposals are reviewed in the light of discussions held at the time of negotiation of the sales agreement and analysis of the requesting agency's program requirements. Budget recommendations are presented to the Congress for appropriation. On completion of congressional action, each agency informs the Treasury Department of the foreign cur-

rencies it plans to use under the appropriations. The Treasury Department provides the currencies when needed and the appropriation is charged with the dollar value.

Mr. President, I ask unanimous consent to insert in the RECORD at this point two tables which show the various uses made of these currencies and the percentage allotted to each use.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

TABLE I.—Uses of foreign currency as provided in title I, Public Law 480, agreements signed Jan. 1 through Dec. 31, 1963

Use	Amount	Percent
	<i>Million</i>	
104(c) common defense.....	\$855.8	8.7
104(e) grants for economic development.....	1,773.2	18.0
104(e) loans to private enterprise.....	569.2	5.8
104(g) loans to foreign governments.....	4,375.1	44.3
Other U.S. uses.....	193.1	23.2
Total.....	7,766.4	100.0

TABLE II.—Uses of foreign currency as provided in title I, Public Law 480, agreements signed since inception of program

Use	Amount	Percent
	<i>Million</i>	
104(c) common defense.....	\$66.1	12.7
104(e) grants for economic development.....	43.3	8.4
104(e) loans to private enterprise.....	39.7	7.7
104(g) loans to foreign governments.....	234.2	45.1
Other U.S. uses.....	135.5	26.1
Total.....	513.8	100.0

COMMITTEE DELIBERATIONS

Mr. ELLENDER. Mr. President, Public Law 480 has now been in effect 10 years, and we have gained much experience from it. Not only have we found out much about the good it can accomplish, but we have learned of some of its weaknesses. We are now in a posi-

tion to tighten up provisions that may be a bit loose, correct deficiencies, and put the program upon a more businesslike basis.

I had hoped that the committee might be able to conduct an extensive review of operations during the last 10 years. However, the legislative situation in the Senate this year prevented such a review, and the committee was able to hold only 1 day's hearings. In fact, we heard all witnesses who desired to be heard. The bill therefore is restricted to an extension of the program and to a tightening up of those provisions where the need for such action is most apparent.

Three areas appeared to the committee to be in particular need of clarification. These concerned exchange rates, interest rates, and congressional control. It appeared obvious to the committee that the United States should receive fair exchange rates and fair interest rates under the act, and that Congress should maintain control over expenditures under the program.

EXCHANGE RATES

Congress has already acted twice on the question of exchange rates. However, some differences in interpretations have persisted. Those differences should be eliminated and the law should be clarified.

Congress first legislated on exchange rates in 1961, when it added section 101(f) to the law. That section required the United States to obtain rates of exchange on title I transactions that were as favorable to the United States as the rates at which our agencies could obtain the currencies from U.S. disbursing officers. The disbursing officer rates were fixed on the basis of our best judgment as to the real value of the foreign currencies, and were regarded by Congress as realistic and fair.

After section 101(f) had been in effect for some time we learned that at least in some cases the disbursing officer rate was being reduced so that it would not be above the rate being negotiated under

our title I agreements. This, of course, did not meet the objectives of section 101(f) at all. The purpose of that section was to obtain realistic exchange rates on title I sales, not to require use of unrealistic rates by disbursing officers. Consequently, Congress amended section 101(f) last year to require that we obtain the highest legal rate of exchange. This amendment, too, has been the subject of some difference in construction. Some agencies have correctly interpreted it as requiring the highest rate that is legal for any purpose, while others have erroneously construed it as meaning the legal rate for comparable transactions. As a result of the current congressional consideration of this problem, these differences in interpretation we believe have been eliminated; and section 101(f) is generally construed as requiring use of the highest rate that is legal for any purpose.

What gave rise to this change in rates was a discovery made by some of us in studies we made abroad. I for one made such studies. I point out to the Senate that the exchange rate applied to title I sales to Poland was 24 zlotys to \$1. The then current rate of exchange at which anybody could buy Polish currencies in Poland was 55 zlotys to \$1. So when we sold wheat, corn, or other commodities to Poland, we sold at a rate of 24 to 1, when the real rate was 55 to 1.

In Yugoslavia the rate was 600 dinars to \$1, but we sold wheat at 300 to 1.

In transactions that took place in Poland, Spain, Turkey, and Yugoslavia, in addition to losing the difference between the cost of the commodity to us and the world prices, under these exchange rates our Government suffered a net loss of over \$63 million.

I ask unanimous consent to insert in the RECORD a table showing our unreported losses on 11 Public Law 480 sales due to unrealistic exchange rates.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Unreported losses on 11 Public Law 480 sales due to unrealistic exchange rates

Country and currency	Agreement date	Collection exchange rate, foreign currency to \$1	Market rate for foreign currency to \$1 at the time	Market rate as of June 30, 1960	Total collections to date		U.S. dollar equivalent at market rate of exchange
					Units of foreign currency	U.S. dollar equivalent	
Poland (zloty).....	June 7, 1957	24 to \$1.....	55 to \$1.....	55 to \$1.....	1,534,745,428.80	\$63,947,726.20	\$146,546,872
	Feb. 15, 1958	24 to \$1.....	55 to \$1.....	55 to \$1.....	1,692,159,665.16	70,506,652.71	161,577,744
	June 10, 1959	24 to \$1.....	55 to \$1.....	55 to \$1.....	1,864,646,884.56	77,693,620.19	178,047,879
Spain (pesetas).....	Jan. 27, 1958	42 to \$1.....	57.40 to \$1.....	59.85 to \$1.....	4,439,171,228.52	105,694,553.10	150,614,738
	Jan. 13, 1959	49.721 to \$1.....	62.30 to \$1.....	59.85 to \$1.....	4,254,307,633.83	85,563,445.55	107,210,200
Turkey (lira).....	Mar. 12, 1956	2.8252 to \$1.....	9.37 to \$1.....	9 to \$1.....	42,611,023.09	15,082,480.21	50,025,500
	Nov. 12, 1956	4.0321 to \$1.....	9.39 to \$1.....	9 to \$1.....	236,459,862.81	58,643,967.24	136,570,700
Yugoslavia (dinar).....	Jan. 5, 1955	300 to \$1.....	600 to \$1.....	750 to \$1.....	36,096,732,699.00	120,322,442.04	240,644,884
	Nov. 3, 1956	475 to \$1.....	600 to \$1.....	750 to \$1.....	50,912,753,018.00	107,184,743.02	135,391,254
	Feb. 3, 1958	475 to \$1.....	600 to \$1.....	750 to \$1.....	30,036,733,569.00	63,235,228.26	79,876,077
	Dec. 22, 1958	525 to \$1.....	600 to \$1.....	750 to \$1.....	49,962,785,707.00	89,452,925.02	102,231,914
Total.....						857,327,783.54	1,488,737,762
Approximate loss.....							631,409,979

Mr. ELLENDER. As I stated, in 1961 the law was amended to correct that situation. It did correct it to a large extent. Somehow, the law Congress enacted was misinterpreted by some of our representatives at the Washington level.

I have discussed the matter with the distinguished chairman of the House

Committee on Agriculture. Fortunately, we were able to agree to similar provisions, so as to provide that all sales hereafter will be at realistic rates.

Since these differences have been resolved, it is necessary to make only minor changes in section 101(f) at this time. The bill would amend it first, to require

use of the highest rate legally obtainable from any source, rather than from, as at present, "the government or agencies thereof in the respective countries," and second to include a most-favored-nation clause assuring the United States a rate as favorable as that accorded any other nation.

INTEREST RATES

The second area in which the committee thought there was a clear need for tightening up was in the matter of interest rates. A banker who borrows money at a high rate of interest in order to loan it out at a low rate of interest does not stay in business very long. The bill therefore provides that loans made by the United States under titles I and IV should bear interest at a rate which is not less than the cost of money to the United States.

I have discussed some of the cases in which some of the loans for soft currencies were made for three-fourths of 1 percent, with a 10-year grace period and 40 years in which to pay. We might as well give them the goods and forget about the currency.

Public Law 480 involves sales, loans, and gifts; and these three should not be confused if the program is to be operated on a businesslike basis. A sale should clearly be a sale and not one that would appear to be in the nature of an unplanned gift. A loan also should be a businesslike operation, not a hybrid that only has some of the attributes of a loan. And if our interests in foreign aid, in helping less fortunate or less developed countries, requires the giving of a gift, then it should clearly be a gift. It should be something that Congress determines is in the best interest of the United States, not something that can be justified only on the basis of surplus disposal.

CONGRESSIONAL CONTROL OF GRANTS

The third area in which the committee was particularly interested was the question of congressional control over grants. The law now requires that grants under sections 104 (d), (e), and (f) be subject to appropriation act control; but the law also provides that this requirement may be waived by the President, and it has frequently been waived. In order to regain congressional control over grants, paragraph (8) of section 1 of the bill makes all grants under title I subject to the appropriation process and repeals the President's authority to waive that process. Funds derived from payments of principal and interest on loans made under title I were also made subject to the appropriation process by paragraph (8).

PROHIBITION OF RESTRICTIONS ON U.S. USES

Another problem considered by the committee was that of restrictions on the use in the host country of currencies reserved for U.S. uses. For instance, Suez Canal tolls are required to be paid in convertible currencies so that we must spend dollars for this purpose even though we have an oversupply of Egyptian pounds. The bill reported by the committee prohibits the imposition of any restrictions, other than those contained in the act itself, on currencies reserved for U.S. uses; and requires that such currencies be convertible to the extent necessary to pay any obligation of the United States to the host country.

OTHER AMENDMENTS ADOPTED BY THE COMMITTEE

Convertibility—Paragraph (2) would add a new section 101(g) to the act to require that foreign currencies received

from title I sales be convertible to dollars to the maximum extent consistent with the circumstances in each case.

The purpose of this amendment is to transform sales for foreign currencies into regular commercial sales for dollars as rapidly as is feasible and consistent with the purposes of the act.

OCEAN FREIGHT CHARGES

Paragraph (3) amends section 102 of the act by providing that the Commodity Credit Corporation finance only that part of the ocean freight charges on commodities transported in U.S.-flag vessels, pursuant to the Cargo Preference Act, which is higher than the world rate.

This provision does not amend the Cargo Preference Act under which at least 50 percent shipped must move in American bottoms. We do not affect that title at all. That provision would still be in effect and 50 percent of the outcargo would still be required to be carried in American bottoms.

Under the amendment made by the committee the Commodity Credit Corporation would still be required to ship 50 percent of the commodities moving under Public Law 480 in American bottoms, and would also be required to pay the difference, in dollars, to American shipping lines between world freight rate charges and American shipping rate charges. American shipowners would collect the differential from the U.S. Government in dollars and the basic freight rate from the foreign country in such currencies as may be acceptable to the shipowner. This provision in no way requires the American shipowners to accept foreign currencies in payment for their charges. They are, of course, entitled to require dollars or other convertible currencies from the purchasing country. All this provision does is to prohibit CCC from financing the basic freight costs.

Mr. BARTLETT. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. BARTLETT. I am heartened to have the Senator from Louisiana read the language he has just read in connection with the shipping provision. Nevertheless, as a member of the Committee on Commerce, I am gravely concerned about the implications of the provision which has been added in these words:

The Commodity Credit Corporation shall finance ocean freight charges under this section only to the extent that such charges are higher (than would otherwise be the case) by reason of a requirement that the commodities be transported in U.S.-flag vessels,

I notice in the committee report this statement:

The freight rates charged by American-flag ships are twice as much or more than the rates charged for shipments in foreign bottoms.

Would not the Senator agree that that may or may not be the case?

Mr. ELLENDER. The situation is different in different countries.

Mr. BARTLETT. I mean with respect to American ships. My understanding is that Public Law 480 commodities are shipped in American liners and tramps. The statement in the report with refer-

ence to tramp ships may be and probably is accurate. However, it does not apply to the liners in regular schedule service. This is the situation which I believe would be created if the amendment should become law; and I would like to ask the Senator's comment on it. Is it not true that the CCC, the Government, plays the owners of the American-flag ships for transporting this freight abroad, in hard dollars?

Mr. ELLENDER. Yes.

Mr. BARTLETT. In good, hard American dollars.

Mr. ELLENDER. Yes. What the change does is to provide that there shall be paid to the shipowner in dollars, the excess between the world cargo rate and what our American vessels would be paid. That would be paid in dollars, and the rest of it the shipper would have to bargain for with the country involved.

I have no doubt that those shippers could do the same as they now do with respect to other shipments; that is, obtain a convertible currency or handle the shipments so that they can get full payments.

As I said a while ago, in addition to the cost to the Federal Government of these commodities, we pay all freight charges; and the freight charges paid by CCC as of May 31, 1964, have totaled almost three-quarters of a billion dollars. On agreements signed through June 30, 1964, it is estimated that the CCC ocean transportation costs will be over a billion dollars. I do not believe anyone will suffer from the provision in the bill. Most of the countries to which we are shipping are fairly well off. Their currencies are steadily improving. The committee thought it was time for us to let the shippers bargain with the host countries, the countries to which we ship commodities, for a currency they can use by way of exchange, and let the Government assume the payment of the difference between the world price to the shipper and what the excess cost would be, which as the Senator says, sometimes runs 50 percent, sometimes 40 percent, sometimes 30 percent more.

I believe that is a good provision. The House does not have it in its bill, but I can understand that. It is my hope that an arrangement can be made that will be of advantage to all. What we are trying to do is help friendly countries. The countries with which we are dealing are getting on their feet, as it were. Many of them have convertible currencies, and there is no doubt that the shipowners can bargain with them and obtain convertible currencies in payment of the world price on shipments, and we in this country will pay the differential in cash.

Mr. COTTON. Mr. President, will the Senator from Louisiana yield?

Mr. ELLENDER. I yield.

Mr. COTTON. I thank the Senator for yielding at this time, because I must leave the Chamber for a few minutes at this time and I had intended to say a few words about the matter now under discussion.

I share the apprehension manifested by the distinguished senior Senator from Alaska [Mr. BARTLETT] and I wish to

express my agreement with him concerning this problem, with all due respect to the distinguished Senator from Louisiana. I hope he will reexamine the proposal when he gets to conference because I believe it will work a hardship both on his program and on the merchant marine.

Mr. ELLENDER. I thank the Senator from New Hampshire.

Mr. McGOVERN. May I interject here that as a Senator with a primary interest in agriculture, I hope the shipping amendment in the Senate version will be removed. I have two reasons:

Public Law 480 has aided the United States' hard-pressed maritime industry, just as it has aided the farmer. The maritime industry, like our farmers, needs the help. Both are essential to national strength. The program has been a source of strength to both of them and has created a mutual interest between them—a partnership—which has given both of them an appreciation of the common interest that segments of our society have which, although they may seem remote, in reality rise or fall together. At a time when the farm population is at the lowest comparative percentage in our national history, the farmer needs every possible ally.

My second reason is that the requirement that recipient countries pay in cash penalizes the countries most which have greatest need for aid. Some countries will not be able to get the food they need because of the requirement to pay their share of U.S. shipping in dollars. Some will have to reduce the quantities of food-stuffs they are able to buy. Some may have to forgo aid altogether, because of the intensity of their need.

Mr. BARTLETT. Mr. President, will the Senator further yield?

Mr. ELLENDER. I yield.

Mr. BARTLETT. I should like to discuss this problem a little further. I thank the Senator from New Hampshire for his statement. Both of us are members of the Committee on Commerce, and we have various personal interests in the problems pertaining to the U.S. merchant marine.

I still entertain the fear which I expressed, because, as I am sure the Senator from Louisiana understands, the situation I have described will exist if the amendment prevails.

Let us suppose the owner of a tanker takes a load of wheat to India. Let us assume that he charges \$20 a ton. Let us further assume that that is twice the world price. Under the provisions of this amendment, as I read it, the U.S. Government would pay him \$10 a ton, or half the hauling charge, in U.S. dollars. He would be required to obtain hard currency from the host country for the remaining \$10. That is the situation, as I view it, that will exist, so far as a tramp-ship owner is concerned.

Now, let us consider the liner operator. He is in an entirely different category. As I understand, his price for carrying that amount of wheat will be precisely the price charged by any other foreign-flag operator in the liner service. So no differential would be involved. This shipowner would be required to negotiate

with the receiving country for the payment of all his freight charges in convertible currency; he would get no U.S. dollars.

Mr. ELLENDER. The liner operator would be in the same position as other shipowners. If there were no differential, CCC would not be able to finance any part of the cost. If there was a differential, CCC could finance it. If his rate were double the world rate, CCC could finance half the cost.

Mr. BARTLETT. No; it would not be half. There would be no differential, because his price would be the world price. That is the point I am trying to make. There is no differential between the price that the liner operator charges and the price that the British or Norwegian operator charges. These are comparable rates.

Mr. ELLENDER. I am sure my good friend from Washington [Mr. MAGNUSON] will agree with me that few Americans ships can carry freight as cheaply as foreign ships can.

Mr. BARTLETT. All the liners do. Furthermore, in respect to the particular provision we are now discussing—and I am merely trying to express my apprehensions upon the RECORD, because I am gravely concerned; I heard about this only a couple of days ago—in respect to the carriage of the goods concerned, my understanding is that it constitutes about 20 to 30 percent of the entire amount of the cargo transported by liners. The money has been paid in dollars to U.S. maritime companies operating U.S.-flag ships. That is a matter of record.

Up to now, the situation has been that the Government pays the American farmer, the American railroads, the U.S. ports and the American carriers in dollars. Now what is proposed to be done?

If he takes wheat to India, he will be paid not in dollars but in hard currency. I do not suppose India has any surplus reserves of hard currency. I have heard to the contrary. The shipowner could do nothing with the rupees. They will be no good to him, because he is operating an American ship with American labor. The only expenses he incurs in India relate to longshore charges and possibly the purchase of some provisions. He pays with American dollars for repair work done in American shipyards.

I shall conclude by saying that I am so gravely concerned about this amendment that I express the hope that when the bill goes to conference, assuming that it will—

Mr. ELLENDER. I am sure it will.

Mr. BARTLETT. I am glad to hear that.

Mr. ELLENDER. The House and Senate bills are altogether different.

Mr. BARTLETT. As the Senator said earlier, the House did not have this provision in its version. I know the Senator will not mind my saying, because of my deep interest in the American merchant marine, that it is my hope that when the bill is finally agreed upon by both Houses, the provision which we have been discussing will not be included. I understand, I appreciate, I sympathize, I join with the Senator from Louisiana in the

desire to save dollars. But I believe the action is being taken too hastily, without full knowledge of all the facts. I fear the woes will be greater than the blessings. I hope the amendment finally will not prevail.

Mr. ELLENDER. I appreciate the sentiment expressed by my good friend from Alaska. I am wondering what the liners that he speaks of do, if they can compete with ships that fly other flags. They certainly haul freight from India as well as take freight there. I am sure they carry goods from Japan and from other areas.

As I understand, they make bargains and trade with the people, or the countries who hire them. As a rule, they come out of it rather well. They come out with money that can be converted by them. It would seem to me that, in this case, they could do the same thing.

Let me emphasize that the language which has been added to the bill does not in any manner change the 50-50 program we have been discussing. I believe that we have gone far in providing for cargo preference in order to assist the shipping industry. So far as I am concerned, let me say to my good friend from Alaska, this bill, instead of providing for an extension for 5 years, as the administration desires, provides for an extension of 2 years, so that in the meantime we could look into the subject further. If we have made mistakes, they can be corrected. We have been carrying on the program for 10 years. We have been carrying on the foreign aid program for 14 or 15 years. The countries of the world are becoming better off, and their currencies are growing stronger, so I do not believe that the difficulties my good friend from Alaska anticipates will come to pass.

Mr. BARTLETT. If the Senator from Louisiana will bear with me for one further statement, he expresses the opinion that the merchant marine might be doing well enough by taking out cargo in the United States and landing it in a foreign country. Our merchant marine is doing as well as it can, but it is not too well. That is the reason for the Cargo Preference Act. I hope that the currencies will become stronger for the sake of the countries involved.

I appreciate the opportunity the Senator from Louisiana has given me to express my fears concerning this point.

Mr. MAGNUSON. Mr. President, will the Senator from Louisiana yield?

Mr. ELLENDER. I yield.

Mr. MAGNUSON. I feel the same concern that the Senator from Alaska does about this provision. This is a serious matter, and one on which I suppose the committee held hearings and took testimony; but it is a matter that should have gone into great detail as to the effect upon the American merchant marine. It does not affect the 50-50 provision, that is true, but in order to be paid, it will be placed in a position in world trade which will be the greatest of handicaps, as against the other nations, which obtain hard currency in many cases from the countries that have only so much. So if 2 million tons of wheat are going to be shipped, let us say, to Pakistan or India, if the Ameri-

can ship operators had to follow it up, they would probably be able to get hard currency for only 1½ million tons. Shipments would be reduced.

The trouble is that all countries have laws on the subject, particularly the countries that are recipients of this cargo. They are the ones which set the exchange by their own government action. Then, when we go on the world market, it is another story.

Consider what our people will be encountering.

Let us take India. The value of the rupee set by the government is 20 cents, 5 to the dollar. If our people could take 5 rupees and get a dollar, that would be fine; but the price listed on the world market for India is 11 cents. That is all we could get when we go out and trade on it. The governments say to American ship operators that even if they wish so many rupees, and could exchange them, they are allowed to take out of the country only so much. This puts a heavy burden upon our shipping.

I am concerned about this point. The Senator from Louisiana has been most sympathetic toward our merchant marine problems. But we now haul, as of last week, 8.46 percent of all of our exports and imports in American flag vessels. That is probably the lowest rate of any maritime country, or any country in the world which has even a ton of shipping. If we haul any less than 8 percent of our exports and imports, we shall not have a merchant marine very long. If the Agriculture Department would interpret the language to mean that, taking the figure of \$10—we will receive 5 American dollars and have to take \$5 in the equivalent of foreign currency, if that \$5 could be guaranteed for those foreign currencies, or they could be manipulated, so that they could get \$5, there would be no problem. I trust that is the correct interpretation. But all these currencies are on the world market, too. Pakistan sets its rupee at 30 cents to the dollar. On the market, if we called up today on the foreign exchange, we would get 11 cents. This is what it is selling for. This poses a serious problem. I am hopeful that the committee will go into this problem in some depth. Perhaps we were hoping that the practical effect of the language would not be as I have suggested. But I fear it is. Any person in the shipping business will tell us so. People who have to deal in these matters will also tell us this. Our merchant marine is at a low ebb. I do not know why we continue to pick on it all the time. Even with the 50-50 provision, we haul only 8 percent of our exports and imports. I have just been talking with some merchant marine people who are alarmed about this matter.

Mr. BARTLETT. As well as maritime labor.

Mr. MAGNUSON. Yes; maritime labor as well. I believe the Senator from Louisiana assured the Senator from Alaska that what the committee meant was that if the operators took currencies other than dollars that the foreign currency value would be the same amount by exchange in the long run.

Mr. ELLENDER. I said they could bargain as they do now. They bring shipments of goods from foreign countries to our country, and they usually enter into an agreement whereby they receive convertible currencies. I have no doubt that they can do that, but as I said to my good friend from Alaska—

Mr. MAGNUSON. Consider what happens to those currencies. Look at today's quotations.

Mr. ELLENDER. The House has no such provision in its version. We hope to solve the problem in such a way that the merchant marine, which we have been subsidizing for quite some time, will not suffer.

Mr. MAGNUSON. I hope this will be clarified. If they had \$10 coming for transportation, and they got 5 American dollars—say that was the differential; I merely use this as a figure—if they could realize \$5 in hard currency, there would be no complaint. But this must be certain.

Mr. AIKEN. Mr. President, I have supported the chairman of the Committee on Agriculture and Forestry in his position, not because I am opposed to looking out for our merchant marine or subsidizing the merchant marine to the extent necessary, or even to the extent of guaranteeing business for our merchant marine, or guaranteeing the value of the currency which has been referred to. What I object to—and why I support the chairman of the Committee on Agriculture and Forestry, the Senator from Louisiana [Mr. ELLENDER]—is that I do not like to see this country continue to subsidize the merchant marine to the extent, as I understand, of approximately \$50 million a year, and charging it to the Agriculture Department.

I believe that would more properly be a matter to be considered by the Senate Committee on Commerce. It seems to me that should be worked out, and only that portion of the shipping cost which is properly chargeable to Agriculture should be charged to Agriculture. The remainder of it should be arranged for in some other manner.

Out of a \$6 billion agricultural appropriation bill, something over \$3 billion of it, or a little over half, now goes to the benefit of other people. It so happens that the merchant marine is one of the other interests that benefits from an agricultural program and appropriation.

Mr. MAGNUSON. What the Senator from Vermont [Mr. AIKEN] says is, of course, true. But our merchant marine is not all subsidized. Only a small portion of it is subsidized.

Mr. AIKEN. I know that.

Mr. MAGNUSON. The unsubsidized tramp ships that haul the cargo are trying to keep alive. They are trying to continue to fly the American flag, and employ American seamen and capital. This is not the subsidized portion. Only a portion of the American merchant marine is subsidized. We subsidize our merchant marine far less than any other country in the world. Any other country that has a similar program would be subsidizing it 100 percent.

Mr. AIKEN. It might be rather short notice to make this change at this time. But as the chairman has stated, the bill has to go to conference. I am sure that the conferees will be willing to listen to all arguments when that time comes. But we should get away from the practice of charging costs of programs designed to benefit other parts of our economy to our Agricultural Department all the time.

This practice goes back to the days when, if one could get an amendment or an appropriation for a program tacked onto an agricultural bill, it was sure to be approved. But those days are gone forever. It is about time that we place each factor of our economy in its proper perspective.

Mr. MAGNUSON. There is no question about it. We could save a great deal of money if we let all of the cargo go on other ships. We could place it on a ship owned by Greeks, using an Indian crew, Italian officers, and flying the Panamanian flag. It would be done at a much cheaper rate. But it would mean that the United States would no longer be a maritime power.

Mr. ELLENDER. What currency would the Greeks use? They can convert the currency.

Mr. MAGNUSON. No. They get hard currency. They dicker for that.

Mr. ELLENDER. That is what I want our people to do.

Mr. BARTLETT. Mr. President, there is one essential difference between a Greek and an American shipping company. It is essential to understand that, in this connection, a Greek ship does not put into Greece very often, in all likelihood. The Greeks can use this currency. But our people go to India and then come back to the United States. They receive a dollar.

Mr. MAGNUSON. I realize that it is rather late for us to pursue this matter. I feel so strongly about it that I would be tempted to hold the bill up so that I could go into the matter at greater depth. I could look over the volumes of testimony, papers, and everything else, and continue on this measure all day. But I do not want to do that.

I am hopeful, because this is a very important matter. The people are vitally concerned about it, and the merchant marine of our country must stay alive. We hope that they will have an opportunity to consider the matter in depth, and get some indication from the Agriculture Department about their getting hard currency. We hope that there will be some assurance that they may get paid in dollars or the same value in foreign currency.

Mr. ELLENDER. I suggest to the Senator from Washington that he have the Commerce Committee staff prepare a memorandum, which we can consider in conference.

Mr. MAGNUSON. I thank the Senator.

Mr. ELLENDER. Mr. President, under existing law the Commodity Credit Corporation pays the total freight charges to American shipping lines for Public Law 480 shipments. This Govern-

ment then collects world freight rate charges from the recipient country in its currency. The foreign currency so collected remains in the country and is used under section 104 of the law.

As of May 31, 1964, the Commodity Credit Corporation had paid a total, since the inception of Public Law 480, of \$748,899,661.79 in dollars to American shipping lines. Foreign countries, in turn, paid \$399,819,831.79, or 54 percent of the total cost, to the U.S. Government in their respective currencies which remain in the country. The remaining \$349,079,830.00, or 46 percent of the total cost, represents the payment by the U.S. Government to the shipping lines in order to comply with the Cargo Preference Act.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. MAGNUSON. In this particular case, all the other people who participate in the program—the railroads that haul to the terminal, the terminal man, the farmer, and everyone else is paid in dollars. Then when the material is placed on American ships, we say, "You are out."

The operation is a continuous process until the shipment reaches its point of destination. I point out that that is discriminatory in some sense.

Mr. ELLENDER. Mr. President, paragraph (4) provides that when the budget is presented to the Congress by the President, expenditures under Public Law 480 shall be classified as expenditures for international affairs and finance rather than for agriculture and agricultural resources.

The committee feels that appropriations charged to agriculture are overstated in a number of ways because the use of the funds relate, not only to costs of farm programs, but to programs that are for the general welfare. This would correct part of the misinterpretation.

TITLE I AUTHORIZATION

Paragraph (5) authorizes \$2.7 billion for the 2-year period ending December 31, 1966, plus unused authorizations estimated at \$1.3 billion from prior years, and limits agreements in any one year to \$2.5 billion. This would permit normal operations. The committee felt that the size and importance of the program required constant and close review and therefore extended both titles I and II for only 2 years.

INTERNAL SECURITY

Paragraph (6) amends section 104(c) to make specific provision for the use of foreign currencies for internal security.

COOLEY LOANS

Paragraph (7) amends section 104(e) of the act to strike out the 25-percent maximum limit previously imposed on the use of title I currencies for loans to private enterprise for business development and trade expansion in friendly countries.

In calendar 1963, for example, only 7.7 percent of the currencies were earmarked for this purpose. The committee felt that the use of greater amounts of currencies would redound to the benefit, not only of this country and private enterprise, but to the foreign country

as well, if greater amounts were earmarked for this purpose.

PRESIDENTIAL REPORTS

Paragraph (10) amends section 108 to require the filing of a report on the activities under Public Law 480 once each year rather than every 6 months.

TITLE II AUTHORIZATION

Paragraph (11) extends title II authorization for a period of 2 years until December 31, 1966, and provides for an increase in funds to \$375 million compared with the present \$300 million, plus, as at present, the unused authorization from the preceding year.

EXTENSION OF TITLES I AND II

Paragraph (12) extends titles I and II through 1966. They would otherwise expire on December 31 of this year.

FOREIGN CURRENCY SALES TO U.S. CITIZENS

Section 2 provides that sales to U.S. citizens may be included among the uses for foreign currencies provided for by title I sales agreements.

Section 2 also amends section 612(b) of the Foreign Assistance Act of 1961 by redesignating it as section 104(t) of Public Law 480 and provides further that the dollars received from the sale of currencies to U.S. citizens be deposited to the account of the Commodity Credit Corporation, rather than to miscellaneous receipts in the Treasury.

EXTRA-LONG STAPLE COTTON SALES

Section 3 directs the Commodity Credit Corporation to sell or otherwise make available surplus extra-long staple cotton at prices not above those of other exporting countries. Inasmuch as American upland cotton is presently being exported with Government help, the committee felt it only fair to extend the same privilege to the producers of extra-long staple cotton.

Mr. President, this is a good bill. It is a fair bill. It is a reasonable bill.

It would do nothing to prevent the full use of our agricultural abundance in helping our friends abroad. As a matter of fact, I feel quite certain that the passage of this bill will assure a program stronger than ever before and more useful. I urge the Senate to act favorably on it.

I yield to the Senator from Vermont.

Mr. AIKEN. Mr. President, first I commend the chairman of the Committee on Agriculture for his handling of the bill. I shall not say what I think of the Public Law 480 program, because I have said so often that it is one of the best programs that we have. I have often remarked that our food supply which is surplus in this country, if we wish to call it a surplus, although I do not call it that, has been more effective in the Western world in preventing the spread of alien ideologies than has many of the other programs which we have tried. I would not even put the furnishing of food to other countries second to the furnishing of arms.

I wish to offer a small amendment, which I have discussed with the chairman. On page 9, line 9, of the bill I would ask to insert after the word "available" the words "to the maximum usable

extent." That is an amendment to the so-called Cooley loan part of the program.

Mr. ELLENDER. It is designed to encourage loans to private business.

Mr. AIKEN. It is to encourage the development of other countries by private means. The Cooley loan program has not worked out as Congress intended, because it appears that in some areas the making of loans has been on such a restricted basis that the program really has not functioned. It does no good to make a loan to a private operator to construct a plant and lend the money to him at 6 percent if he must then go out and pay 30 percent or 40 percent for the capital required to operate the plant.

The purpose of the amendment is virtually to direct the AID people to make use of the Cooley loan authority, as I say, to the maximum usable extent.

Mr. ELLENDER. I am in thorough agreement with the amendment, Mr. President. We discussed it in committee.

Mr. AIKEN. Mr. President, I offer the amendment.

The PRESIDING OFFICER. The amendment of the Senator from Vermont will be stated.

The LEGISLATIVE CLERK. On page 9, line 9, it is proposed to strike out the period and quotation marks after "available" and add the following words: "to the maximum usable extent."

Mr. ELLENDER. Mr. President, on behalf of the committee, I accept the amendment and shall take it to conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Vermont.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. HUMPHREY and Mr. McGOVERN addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Minnesota.

Mr. HUMPHREY. Mr. President, I wish to make a few general comments in reference to the bill before the Senate, the food-for-peace program. I know that the Senator from South Dakota [Mr. McGovern] has some questions to raise relating to the use of grant funds and the interest rate provisions of the bill.

Public Law 480 has been one of the most effective instruments of American foreign policy, economic policy, and social policy that ever has been legislated by a Congress.

We ought not in any way weaken the program, nor should we burden it with undue restrictions. The funds which are generated under a particular program are of little value unless they are put to use. That is generally true of all forms of capital. Capital has its value when it is used and when it is invested. The currencies which are generated through the sale of food commodities under the terms of Public Law 480 lose their value unless they are readily put to use for constructive purposes. Those purposes have been outlined and detailed through legislative enactment over the years, so that the purposes range all the way from

capital improvement or investments in capital structure to social and welfare benefits. There even are programs such as the food-for-work programs, which now is being used in North Africa, Latin America, and in certain other countries. The food-for-work program had a very good beginning in Tunisia and some excellent results were achieved.

Mr. President, I view with considerable concern some of the amendments which have been included in the bill as reported by the Senate committee. It is my view that the one weakness in the food-for-peace program is the lack of prompt and effective utilization of the currencies which accumulate under this program. At the conclusion of my remarks today I will bring to the attention of the Senate a situation that prevails, for example, in India, where vast sums of Indian rupees have accumulated to the account of the Government of the United States. This money has not been invested on a loan basis by the Government of India, nor has it been utilized for social, welfare, educational, or other purposes under the grant section provided for under section 104.

That section relates to a number of activities. One of them involves the use of funds on a grant basis for purposes such as medical research, hospital construction, educational opportunities, and so on.

The Senate version of the bill subjects all grants under section 104 of the act and all uses of interest and principal paid on loans made under title I to the appropriation process. This means that the Appropriations Committee, sitting in Washington, will determine the use of a certain percentage of the funds generated under title I of Public Law 480—funds that are ready, available, and on deposit in the host country. It means, in other words, that the Committee on Appropriations actually takes over much of the administration of the use of the funds that belong in the hands of the executive branch, and particularly those who administer this program.

The so-called soft currencies that arise from title I sales have to be used very carefully. We have a very detailed process of negotiation that we follow with the countries that purchase our food commodities under title I. Those negotiations must take into consideration the economic situation in the country making the purchase. Those negotiations must take into consideration the limitations that are set down in statute as to the use of the funds for the purposes of the United States. Those negotiations must take into consideration what are called Cooley funds, or funds used for investment in American private enterprise abroad. Those negotiations must take into consideration the general economic well-being, such as matters of inflation or deflation, in any of the countries making purchases.

A substantial amount of money is loaned out and some of the money is available for grant purposes. That was specified in the act under an amendment adopted in the 1950's. I served on the Committee on Agriculture and Forestry

at that time and was very much interested in Public Law 480. I was present at the time it was authorized. I was one of those who supported its adoption. A number of us in the Senate had separate bills. As the result of these being before the committee, a committee bill was reported, and it has been known as Public Law 480. That was, as I recall, in the 83d Congress.

Later the act was amended to add title IV. It was amended to expand the provisions of sections 104 and 106. A number of other amendments have been included in the act, now known by the common name of food for peace.

I hope the Congress of the United States recognizes that in this great food program we have the most effective, the most powerful, the most important instrument of diplomacy, of foreign policy, and of national security that any nation on the face of the earth has today. For us to cripple the program or in any way to restrict it unduly by tying the hands of the administration in the field, as well as those who are responsible for the administration of the law in Washington, seems to me to be unwise.

The main question we shall be asked is: What are we going to do with the four or five hundred million dollars worth of rupees that lie on deposit in New Delhi, India, that are not being used? The Indian Government worries about it, because if those rupees are used foolishly, there may be dire effects upon the fragile Indian economy. But those funds could be put to use, for example, in binational centers that promote much good will. They could be put to use as grants in countries literally fighting for their lives. They could be put to use in education, health, research, translation of scientific documents, and a host of other activities.

Mr. McGOVERN. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield to the Senator from South Dakota.

Mr. McGOVERN. Is the Senator from Minnesota aware that in the House version of this bill there was a very carefully worked out provision to deal with the very problem of how we can best handle currencies in excess of U.S. needs in countries where those currencies rest?

The House proposed a provision that an advisory committee should be set up, on which would serve the chairmen of the Senate and House Agriculture Committees, with the ranking minority members, as well as the Secretary of Agriculture, the Administrator of the AID Agency, and the Director of the Bureau of the Budget. I am wondering if the Senator from Minnesota does not think that would be a feasible and practical way of bringing insight to bear on the use of such currencies, giving Congress some voice in their use, and yet providing some flexibility for those who administer the program in finding constructive uses to which these currencies can be put.

Mr. HUMPHREY. Mr. President, I hope that such a provision will be retained in conference. I believe it was to that provision that the Senator from Arkansas, the chairman of the Foreign

Relations Committee [Mr. FULBRIGHT], directed his attention.

One of the really critical problems facing the whole food-for-peace program today is the proper use of the currencies which are generated from title I sales. They are not being properly used. The main reason they are not being properly used is the restriction of the law and the timidity of the Bureau of the Budget.

Quite frankly, the Advisory Committee to which the Senator from South Dakota referred would be very conservative and very restrictive in attitude. There is no reason we should delude ourselves. For example, if we sell 6 million tons of wheat to India for Indian rupees, and we receive Indian currency for that sale, and only half of that currency is reinvested under terms of an economic loan, why do we not face the fact that the balance of it is lying there unused, being eroded by inflation, and losing its value, when the people of India themselves could use that money very effectively in a host of projects.

In many countries we have sizable amounts of foreign currencies loaned out as a result of Public Law 480 activity, and we have an equal amount of foreign currencies which lie idle, drawing no interest, losing value through inflation, hanging like a sword over the economy of the country, with no one knowing what will happen to it.

In the meantime, people are in need, schools are inadequate, health facilities are neglected, roads are not being constructed, medical research goes undone or is pursued without any real effort being devoted to it. All this is happening because of the inadequacy of funds available to perform these tasks.

Mr. President, this section of the bill needs to be carefully examined. I recognize the position taken by the Senator from South Dakota, and I know he will make a statement on it. Therefore I shall not dwell on this point any longer. The Senator will wish to make his own statement.

On the matter of repayment of the loans, I must refer to the section of the bill which requires title I loans and title IV credits to bear interest at not less than the cost of the funds to the United States.

We have gone through this battle on foreign aid many times. If we are to insist upon an interest rate on title I loans and title IV credits to be the interest rate that is paid by the U.S. Government on the money it borrows, we shall be making loans which will not be repaid.

The first thing we need is frankness and candor. Title I loans are being made to countries which are in desperate economic straits and circumstances. Sales are being made under title I to help the American agricultural economy, to help fulfill the objectives of American foreign policy and our national security policy. They are made to help friendly countries through a difficult period in their economic development.

Title IV programs are dollar sales on credit. The purpose of the program is to expand sales of agricultural commodities to countries just reaching a point of

economic development where they can trade on commercial terms. These credits should be encouraged by modest rates of interest, not discouraged by making the terms so difficult that sales cannot be made.

If we charge 4 or $4\frac{1}{4}$ or $4\frac{1}{2}$ percent interest on Public Law 480 loans, we shall jeopardize the entire structure of Public Law 480.

Therefore I hope these new restrictive provisions relating to interest rates will be left out of the bill in conference. X

I recognize that we have a very limited time to deal with this subject. However, I have devoted a great deal of my public life to the question of Public Law 480, including the use of American agricultural products and the development of our foreign and economic policies.

I have given my support to Public Law 480, the food-for-peace program, as an instrument of American generosity, compassion, and kindness. I have looked upon Public Law 480 as a very important and integral part of the total program for American agriculture and, indeed, American industry.

I should like to make the record clear to the effect that Public Law 480 has probably done more to stimulate commercial markets for American industrial products and American agricultural products than any other act passed by Congress.

Today we are finding lucrative markets for soybeans, rice, and cotton, and for American farm machinery, American processed agricultural products, and American fertilizer, as a result of the market development which took place through the use of funds coming from Public Law 480 sales and economic development.

While I am pleased that we shall extend Public Law 480, I am displeased with some of the restrictions which have been incorporated in the Senate bill. I have fought this battle of restrictions time and time again for many years. Each time we defeated them. We now find them trying to creep into the law.

Senators can rest assured that if we tie the hands of the Administrator of the program with restrictive amendments, in a sense we shall be putting chains on the arms and legs of American foreign and economic policy. We shall be diluting and reducing the effectiveness of Public Law 480. We shall not be helping the American agricultural program. We shall be weakening American foreign policy. We may very well be making less effective the Public Law 480 program in the host or recipient countries.

The greatest single asset we have today in the world of power politics—and I regret to say it is such a world, but that is a fact—is the power of American food, technology, scientific knowhow—the American agricultural abundance and food production. No other country on the face of the earth can even come close to matching this. This is a world in which there is a rapidly expanding population, a world in which the variances of weather and technology leave their impact upon agricultural production. The great abundance that is ours

should be guarded carefully and should be made available for the most effective use at all times.

Furthermore, I am not one who believes that we are overproducing for the long run and for the long-term interests of this country. I remind the Senate once again that last fall I brought to the Senate a well-documented speech, upon which I received considerable technical assistance from meteorologists and scientists, indicating the continuance of drought in critical areas of the world and in certain parts of the United States. Many parts of this country have suffered severe drought, and the production of certain agricultural products has been reduced as the result of drought. Many parts of the world are suffering severe drought. The United States ought to take a good look at its agricultural policy in terms of the amount of food and fiber reserves that ought to be available at all times for this great Nation.

It is an old theme of mine, but one which I shall repeat until my dying day: We do not have too much food. We have too little imagination as to how to use it. We do not have too many farmers. We have policies that, regrettably, do not utilize the great capacity of our farmers to produce and to distribute their product. We need a national security reserve in this country, established by law, so we can stop talking about agricultural surpluses. We need a bipartisan blue ribbon agricultural policy commission to examine the entire structure of agricultural policy in America.

Much of what we have on the law books today is the result merely of accumulated amendments. We do not have a coherent or coordinated structure. We need to give much more thought to how we shall integrate our agricultural policy, domestic and foreign, into our overall programs of international security and international diplomacy.

We have stopped talking about food surpluses in some areas, thank goodness. But even when we have referred to the food-for-peace program, we have said only that food for peace was the result of dumping surpluses. This is a poor way and a foolish way to talk about one of our great resources. The food-for-peace program ought not to be dependent only upon the availability of surpluses.

We ought to program American food as we program military items. We do not seek to dump weapons because we have a surplus of them. We base our military assistance program on a schedule of production of certain weapons because they are needed. I wish our civilian administrators were as effective as our generals. Then we would not have much argument over food for peace. Does anyone really believe that if we take part in a major nuclear war, we shall win it and have much left if we win? We might win it for purposes of history; but let us win it for purposes of humanity.

An abundance of food and fiber, if programed, planned, and considered from the standpoint of what really is needed, including policies of purchasing,

merchandising, and distribution—instead of limiting it to Public Law 480—would enable us to enter a more extensive area of legislation.

FOOD IS LIFE

Mr. President, since the Pilgrim fathers celebrated their first Thanksgiving in the New World, we Americans have recognized that food is life to men. In ancient civilizations it was always so—and men gave thanks to their gods for life-giving food.

But food is more than the staff of life to men; it is the strength of nations. Food produced on American farms is the lifeblood of our Nation. And so it is with the new and emerging nations of the world.

American agricultural abundance—the productivity of our farms and farmers—is one of the brightest chapters in the history of our Nation.

Our farms and farmers are the most productive in the world, and their productivity continues to grow. The American farmer's output has increased 140 percent since the end of World War II, almost three times the gain in nonagricultural productivity. Today, 1 American farmer produces enough food and fiber for 29 consumers—4 of whom are overseas. The vigor, productivity, and the strength of American agriculture stands as a model for the rest of the world. The farmers and others in the United States can be justifiably proud of their accomplishment.

More food and better food mean a better life for all Americans. And agriculture and agribusiness are keystones of our economy. But it is evidence that American agriculture has an even greater role to play in this last half of the 20th century—in this shrinking world where all nations and all men are neighbors. The exports of food and fiber from the farms of America are vital to the economy of the United States, and their contribution to our economic strength and prosperity will be critical in the next few decades.

EXPORTS MEAN JOBS

At the present time farm products account for more than one-fourth of our total exports. More than 25 percent of all U.S. farm production is exported—the harvest of one out of every four acres.

Farm exports mean jobs—about 1 million on U.S. farms, and more jobs in financing, packaging, processing, shipping. This year, for example, our farm exports would fill 4,500 cargo ships—12 shiploads every day of the year.

Only last month President Johnson announced that U.S. agricultural exports for the fiscal year just concluded had reached an alltime high of \$6.1 billion. This is a 20-percent increase over last year's record high, and 35 percent greater than the farm export level of 4 years ago.

Furthermore, this year's increase of \$1 billion over last year's farm exports was virtually all in sales for dollars.

America's agricultural productivity brings us face-to-face with a moral obligation, an economic opportunity and a challenge to the ingenuity of man.

President Kennedy met this obligation, this opportunity, and this challenge with the second Executive order of his administration, when he introduced—as a policy of this Government—the concept of using food for peace. “We must narrow the gap between abundance here at home and near starvation abroad,” President Kennedy said:

Humanity and prudence, alike, counsel a major effort on our part.

We seek, through our food-for-peace program, to offer our fellow man throughout the world bread instead of bombs, milk instead of mortars.

We seek to banish hunger from the face of the earth, for a hungry man can never be free.

We seek to use our food as a resource to help men help themselves to a better and more productive life.

A BLESSING—NOT A CURSE

Mr. President, since the enactment of Public Law 480 in 1954, we have endeavored to put our farm surpluses to work throughout the world—to regard and use our agricultural productivity as an asset, rather than a liability—as a blessing, rather than as a curse.

In the past 10 years, we have moved about 130 million tons of food—more than \$12 billion worth—overseas under Public Law 480—3 billion bushels of wheat, 10 million bales of cotton, 100 million bags of rice, 6 billion pounds of vegetable oil, and feed grains, tobacco and dairy products.

Food for Peace feeds the hungry—today more than 100 million men, women and children in 100 countries throughout the world.

The phrase, “donated by the people of the United States,” in more than a dozen languages on food packages distributed in the teeming slums of large cities and in the most remote villages of far-off lands, is one of the most effective statements in our vocabulary of international relations. It says that the people of the United States care about men, women and children of all nations—and want to share.

Our feeding programs throughout the world are made possible by the great American overseas relief agencies supported by the American people who distribute the food—CARE, Church World Service, Catholic Relief Services, the American Jewish Joint Distribution Committee, and many others.

We seek particularly to feed the children, to strengthen the generation that will inherit this world. Today, 40 million children are getting a school lunch every day made possible by food for peace. In Latin America alone, as the result of an intensified child-feeding program—“Operation Ninos” launched only a year ago, the number of children benefiting from school lunch programs has increased from 3 to 10 million—1 out of every 4 children of school age.

U.S. FOOD AIDS DISASTER VICTIMS

U.S. food has come to the aid of millions left hungry and homeless by floods, famines, earthquakes, droughts, and plagues—and has been a lifeline to hundreds of thousands of refugees cast adrift without food, shelter, homes—or hope.

In the past 10 years, we have sent \$1 billion worth of food overseas to aid victims of disaster.

Our agricultural abundance is one of our most valuable resources in international development.

Food from American farms provides the vital ingredients—the capital and the wages—to help the countries and the people of the free world help themselves to economic and social progress.

The local currencies generated by the sale of our agricultural commodities are essential to our aid program throughout the world. Nearly two-thirds of all local currencies generated by food-for-peace sales in the past 10 years have been set aside for economic development.

Hospitals, clinics, schools, highways, bridges, railroads, reforestation projects, irrigation projects, flood control, cooperatives, credit unions—all vital institutions and facilities in country development—have been built with U.S. food, with the local currencies—instead of U.S. dollars—generated by sales under the food-for-peace program.

Some 600,000 workers and their more than 2 million dependents in 22 countries today are benefiting from American food used as a partial wage in self-help community development projects. These are real “bootstrap” projects. Able and conscientious—but idle—men and women are working to improve their own communities—to reclaim idle land; to plant forests; to build roads, homes, wells, and reservoirs.

Thus, unemployed and hungry people can earn their daily bread for themselves and their families, can earn a partial wage in the currency of their country, and can contribute to the building of important capital improvements in their own community.

These food-for-work projects represent a calculated shift in our food-for-peace program from relief feeding to self-help programs—and they have proved to be enormously successful in every instance.

Food from the farms of America provides capital for private investment in the developing countries.

LOANS TO U.S. FIRMS ABROAD

Under the private enterprise loan provisions of Public Law 480, more than \$180 million in local currencies generated by the sale of agricultural commodities overseas has been loaned to U.S. firms for business development and trade expansion in the developing countries, and to U.S. and local business for expanding markets for U.S. agricultural products abroad.

Ingenious use of our agricultural abundance has enabled the United States to reduce by millions the outflow of dollars to finance overseas programs in the past 10 years. Since 1954, food for peace has provided more than \$936 million in foreign currency for payment of U.S. expenses abroad, and another \$567 million for the common defense of the United States and friendly nations. Food from the farms of America has contributed to the financing of trade fairs and exhibitions; binational and community centers; international ex-

change programs; scientific, medical, cultural, and educational programs—and has been bartered for almost \$2 billion worth of strategic materials and equipment.

There are no limits to future markets for U.S. farm products.

Food from the farms of America is feeding millions of hungry people throughout the world. It is converted into essential capital for economic development. At the same time that American food answers the human and economic needs of the world, it is opening up vast new markets for future exports and sales of U.S. agricultural products.

There is a limitless need and demand in the world for the food and fiber produced in America. The future markets of the developing countries are incalculable. One of the first needs of the people of the developing countries as we help them to develop is for food and clothing, and no other nation in the world is so capable of filling their need as is the United States.

MARKET DEVELOPMENT

The food-for-peace program, through the sale of agricultural commodities overseas, provides the financing for U.S. Department of Agriculture market development activities in 67 countries today. In cooperation with more than 40 U.S. agricultural producers and trade organizations, USDA has in the past 10 years engaged in aggressive food-for-peace-financed programs designed to develop new and expanding markets for U.S. farm products overseas—cotton, soybeans, poultry, wheat, rice, meat, feed grains, and milk. American marketing specialists are overseas teaching foreign buyers to fabricate our cotton, process and package vegetable oil, to mix and blend our wheat. American foods are exhibited at trade fairs and trade centers—all this financed by food-generated local currencies.

These food for peace-financed market development programs have played no small part in the 35-percent expansion of farm exports in the last 4 years.

American agricultural capacity is a vast and potent arsenal in times of peace.

The time has come to stop thinking of our agricultural productivity and abundance as a great national problem. We must recognize and use our abundance of food and fiber as one of our most precious resources—more precious often than gold, as we have learned.

When Public Law 480 was passed 10 years ago, it generally was regarded as a device for seeking ways and means of making use of the surplus production of American farms. Our discoveries concerning the use of food in the world today have exceeded our wildest dreams of 10 years ago.

We know that whatever we produce on the farms of America we can use—and use constructively to feed hungry millions; as capital for development; as a wage to help people help themselves; as capital for capital investment overseas, and as the opening chapter to a future history of vigorous and expanding U.S.

agricultural exports throughout the world.

CAPACITY TO ABOLISH HUNGER

President Johnson recently told a Conference on International Rural Development at the White House that:

Since World War II, we have multiplied our capabilities as never before, but we have not put them to the fullest use * * * we have the capacity to abolish hunger * * * we have not put our capabilities to work.

We still have not put our agricultural capacity to work to its full potential. The United States is indeed fortunate that at a moment in history when the developing nations of the world need food to feed their hungry and for development, we are able to supply that food assistance.

Food for peace is a brilliant concept. Our experience in the past 10 years has proven that American agriculture, the products of the American farm, can make a great contribution to a world of peace, prosperity, and security.

So long as American farms and the American farmer continue their brilliant record of productivity, we must put this capacity to work at home and abroad.

We must continue to build with determination and imagination—on the concept and experience of food for peace—to bring new life to men and nations.

FOOD FORTIFICATION

Mr. President, for many years, the problem of malnutrition among the poorer people of the world have been studied—with special emphasis on the children—by the National Institutes of Health, the National Academy of Sciences, the Agricultural Research Service in the Agriculture Department, UNICEF, AID, and a number of other public and private groups. All agree that there are two major problems in overcoming malnutrition. One is the need for more food, a problem we are helping to solve through our food-for-peace effort. The other is the need for nutritional improvement in the food which is being sent—such as the simple addition of vitamins A and D in milk as we have in this country, or the extra enrichment of flour.

A study just completed by nutritionists at NIH tells us that in East Pakistan alone 50,000 infants every year are being subjected to a life of blindness due to vitamin A deficiency. We in the United States have it within our power to prevent this kind of thing from happening. We can do this, at a very minor cost, with the addition of vitamins in the powdered milk we already are providing. We can do it with the further enrichment of flour we are now shipping. And we can do it with other inexpensive means of food fortification.

Aside, from the obvious moral concerns related to such a problem, there are also some basic economic considerations. First, our competition abroad in nonfat powdered milk is with countries which do fortify their exported milk. Since the cost factor of the fortification is negligible, we obviously are placed at a disadvantage in our striving for future foreign markets. Second, we must weigh the cost of fortifying our food-for-

peace donations against the costs which may result from the consequences if we do not.

In east Pakistan alone we are talking about 50,000 potential invalids, in 1 year, in one small part of one country who may end up needing some type of major welfare assistance. To the budget of that country—and the budget of this country which through its aid program supports that country—it certainly seems a reasonable investment to spend pennies to prevent this kind of thing from happening.

We ought to find a way to make this minor adjustment in our Public Law 480 program to fortify our donated foods and prevent such vitamin deficiencies. If we do not, it is our own deficiencies to which people in the future can justifiably point.

I am pleased that once again we have an opportunity to speak up for one of the finest programs America ever has designed. I hope that as a result of extending the program, we shall not limit it, but rather improve upon it.

Mr. President, earlier in my remarks I said I would bring to the attention of the Senate a situation that prevails in India, where vast sums of Indian rupees have accumulated to the account of the Government of the United States. I now ask unanimous consent to include at this point in the RECORD a memorandum prepared by the American Embassy in New Delhi concerning the costly paradox of our American-owned Indian rupees.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

THE COSTLY PARADOX OF OUR AMERICAN-OWNED INDIAN RUPEES

This memorandum has been prepared in response to many recent questions from Members of the U.S. Congress, businessmen, journalists, members of the general public and American visitors in New Delhi about our failure to use more of our massive rupee holdings for urgently needed programs here in India.

The facts are as follows:

I. THE SOURCES AND MAGNITUDE OF OUR RUPEE HOLDINGS

For the last several years India has been importing between \$400 and \$500 million worth of surplus farm products from the United States annually under the terms of our Public Law 480 legislation.

These products are sold here in India for rupees and the proceeds placed in several major funds. An average of 80 percent of the total goes into the so-called country-uses fund, and are then granted or reloaned to the Indian Government to pay the local costs of new roads, irrigation dams, schools, and the like.

Seven percent, on the average, goes into the so-called Cooley loan fund which provides rupee loans to private enterprises in India.

The remaining 13 percent, on the average, goes into the so-called U.S.-uses fund which pays the salaries of our local employees, the publication of American books and periodicals, administrative expenses, official travel within India, a large portion of the expenses of USIS, etc.

In addition to the rupees which accrue to the "U.S.-uses" account from the sale of U.S. agricultural products under our Public Law 480 agreements, we also receive substantial amounts of rupees in the form of interest paid on our rupee bank accounts

in India, and from principal and interest payments on rupee repayable loans to the Government of India which are now falling due at an increasing rate.

These funds are all added to our growing holdings of U.S.-owned rupees available for the use of the United States Government in India.

At present our balances from these various sources of U.S.-owned rupees available for U.S. uses in India total nearly Rs1,900 million (equivalent to about \$400 million), while our current rupee income from these sources, adds nearly Rs600 million (\$126 million equivalent) each year.

Since we are spending U.S.-owned rupees at an annual rate of about Rs. 165 million (\$35 million equivalent), our rupee holdings may be expected under existing circumstances to reach nearly Rs. 2,900 million (about \$610 million equivalent) by the end of the U.S. fiscal year of 1966.

II. THE PARADOX

We are accumulating far more rupees earmarked for "U.S.-uses" than we are now spending. Yet the present legislative and administrative restrictions are such that we are unable to use them to cover some of our most basic needs. In addition we are deprived of many opportunities to expand some of our most effective programs and to create new programs which would significantly promote American interests in India, at no additional dollar cost whatsoever to the American taxpayer.

The following examples illustrate the needs and opportunities which are not now being met because of the administrative and legislative restrictions on the use of these U.S.-owned rupees.

A. Administrative costs

In spite of the huge masses of rupees which were set aside for U.S.-uses, our administrative operations in India are restricted in many ways for lack of rupees to cover the costs. Among them are the following:

1. Although India is a country as vast and complex as Europe, requiring detailed contact and understanding with all its political and geographic components, our rupee travel funds are restricted to a point where no more than 7 percent of the time of our principal officers can be spent out of New Delhi, a city which is no more typical of India than Washington is typical of the United States.

2. Because of the existing administrative and legislative restrictions we are forced to rent houses and other real estate in New Delhi at very high rentals although we would be much wiser in a rising real estate market to use our rupees to purchase these houses and buildings or to construct new ones.

Even the use of the Embassy fountains is now held to 1 day a week because of rupee budgetary restrictions.

B. Restrictions on USIS activities

At present the U.S. Information Service in India is publishing some 3 million books a year in India on American culture and history, science, economics, political science, etc., which serve the important function of bringing American philosophy and methods to Indian scholars, students, and the general public. By drawing on our overflowing rupee holdings we could expand this program to some 9 million books annually and at the same time cut the prices in order to make them more readily available to students.

Our USIS newspaper, the American Reporter, which comes out every 2 weeks with a circulation of 400,000 could become a weekly and its circulation increased.

We could greatly improve and expand our American libraries which are a major instrument for better American-Indian understanding. We could initiate a nationwide program of English language teaching to as-

sure a vehicle of communication with Indian leaders and people.

These are only a few illustrations of the many ways in which our idle rupees could be put to good use in serving our national interests through expanded U.S. informational programs at no dollar cost to the American taxpayer.

C. Establishment of a binational foundation

One of the most dramatic ways we could use our fast-growing rupee balances would be the establishment of an Indian-American foundation generally similar in concept and operations to the Rockefeller and Carnegie Foundations in the United States.

Financed by excess rupees from our ample holdings, such a binational foundation could offer scholarships to several hundred outstanding Indian students annually, establish research centers, increase cultural cooperation, help strengthen Indian universities, promote additional cultural exchange, research in history, science, etc., without any additional dollar expenditures.

III. SOLVING THE PROBLEM

The incredible paradox of massive and fast-growing rupee holding expressly set aside for U.S. uses side by side with enormous unfilled needs which these rupee funds could enable us to meet stems from legislative and administrative decisions which are not fully adaptable to the situation which has now developed here in India.

When the programs such as Public Law 480 from which our rupees are now being generated were first established, the United States Congress was properly concerned that local currency expenditures might include hidden dollar expenditures.

For this and other reasons Congress required all foreign currency expenditures to be passed upon precisely as though they were expenditures to be financed with dollars collected from U.S. taxpayers. Under this system, even when the actual expenditures are to be in rupees, dollars must first be appropriated and then used to buy the rupees from the U.S. Treasury.

What is needed now is either new legislation sufficiently flexible and adaptable to permit us to use our excess rupees effectively, or administrative action which has the approval of congressional leaders (or a combination of these) to break the costly impasse which is frustrating our efforts to implement fully the policy enunciated in Public Law 480 itself; namely, "to promote collective strength, and to foster in other ways the foreign policy of the United States."

* * * * *

India has a population greater than all the 55 nations of Africa and Latin America combined. It is a key democratic country with a new government whose stability and success is of the most vital importance to the American people.

Under the circumstances I believe it is unreasonable and self-defeating to permit the bulk of our United States-owned rupee holdings—which could be used to advance our national interests in India without cost to our taxpayers—to continue to lie idle.

Mr. McGOVERN. Mr. President, the bill before the Senate would extend the food-for-peace program for another 2 years. Because it extends this essential program, the bill has my support. But I support it with considerable reservation. I am convinced that several of the steps taken by the Senate Committee on Agriculture and Forestry and incorporated in the extension of the act will have the effect of crimping, confining, and constricting the food-for-peace program in such a way as to decrease its effectiveness.

There is no doubt in my mind that the Senator from Minnesota [Mr. HUMPHREY] was absolutely correct when he described this program as a most effective instrument of American foreign policy and a bulwark of American agriculture. It is because of that double content of the program that we sometimes have some confusion as to its purpose. Every year when this program is discussed, both in Congress and in the executive branch, some debate develops as to whether it is basically a foreign aid program or is basically an agricultural program. I submit that it is both. This program is worth perhaps a billion dollars a year to American agriculture. It is worth at least that much or more to our friends overseas who are being assisted under the various provisions of the food-for-peace program.

When the law was drafted some 10 years ago, the Government was paying about \$1 million a day storage charges on surplus grains.

Agricultural prices had been in a skid for 2 or 3 years. We were losing farm families from the land at the rate of approximately a million a year. Partly because of that very serious economic problem, Congress set about devising some way to limit these costly storages and to increase the use of our agricultural commodities that we could not sell through normal commercial markets. The framers of the bill said from the beginning that the program should be administered in such a manner as to promote our foreign policy interest in peace and freedom while assisting American agriculture.

I should like to read a few lines into the RECORD from the original Act as it was developed in 1954, so that we do not lose sight of the various purposes for which the program was developed:

It is hereby declared to be the policy of the Congress to expand international trade among the United States and friendly nations, to facilitate the convertibility of currency, to promote economic stability of American agriculture and the national welfare, to make maximum efficient use of surplus agricultural commodities in furtherance of the foreign policy of the United States, and to stimulate and facilitate the expansion of foreign trade in agricultural commodities produced in the United States.

Those objectives have been met admirably and with increasing effectiveness over the 10-year life of the program. It has been of vast benefit to the American farmers. It has been of great benefit to the cause of peace and freedom in countries all over the world.

If we believe in those objectives, if we are sold on the concept of an abundant American agriculture, if we believe that food should be used in every possible way to advance the cause of peace and freedom, we are going to be disappointed in the steps taken by the Senate committee in its bill and in its report this year, because almost all of those steps were in the direction of restricting the effectiveness of the program.

There are 13 items listed on pages 1 and 2 of the committee report, and at least 4 of them I would strongly oppose as being backward steps in the effectiveness of the food-for-peace program.

Point No. 2 relates to ocean freight charges and disturbs an existing arrangement that has been working effectively. I fear that the new provisions will be a blow to the food-for-peace programs, to our shippers and to the receiving countries. Point No. 8, which is the most serious mistake of all, places all of the grants in the program under the appropriation process. Point No. 9 and point No. 13 have reference to interest rates. Point No. 12 limits the extension of the program to 2 years when it should be 5 years or at least 3 years as provided in the House bill.

X If the program were simply a hard dollars and cents commercial operation in which the chief criteria should be the making of dollars, then what the committee has done would be in proper order. But, if we are serious when we say that this is an instrument of foreign policy, if we are serious when we say that this is a humanitarian policy, if we are really interested in promoting transactions that are in excess of normal commercial marketings, then what the committee has done is ill advised and a backward step in the development of our food-for-peace program.

I find it particularly objectionable that the committee has insisted on providing that the grants under the program be routed through the Appropriations Committee. In the first place, there is not a dollar that moves under the program that has not already been appropriated by Congress. We are dealing with funds that have been authorized and appropriated for the Commodity Credit Corporation. Congress has worked its will on those funds both in the legislative and in the Appropriations Committees. Funds are turned over to the Commodity Credit Corporation and not one single dollar flows out through Public Law 480 that has not had the appropriation process applied to it. This is the way the program has worked and worked successfully for 10 years.

What this new, unprecedented provision in the bill does, is to provide, in effect, for a double appropriations process. It not only does that, but it also hamstring the administrators of the program who have been doing an increasingly effective job. It ties the hands of the President in using these grants in a flexible and imaginative way to encourage economic development, to promote the mutual defense programs in which our country is cooperating with other countries. In every way it represents the introduction of more redtape, more of the kind of unfortunate delay to which the Senator from Minnesota was referring, it means more procrastination, less efficiency and less effectiveness for the total program.

It has been my impression, and there are others in the Senate much better able to comment on this than I, that the Appropriations Committee already has enough to do. We are told that this is one of the bottlenecks that stands between the Congress and adjournment. We are continually being called upon to deal with emergency situations which develop because of the backlog of work already piled up in the Appropriations

Committee. Why anyone would believe it is in the interests of either efficiency or practicality to dump still another burden on this overworked committee is beyond me. The Appropriations Committee has no business getting into this field and can make no useful contribution. It can only add delay and confusion and redtape to our food-for-peace effort. That program is already too heavily burdened with interagency delay, bureaucratic timidity and executive branch fears of congressional reaction.

The requirement that loans to foreign governments from the proceeds of sales under title I and credits under title IV carry interest rates at not less than the cost of funds to the United States will take away some of the effectiveness of this program from the standpoint of both our agricultural as well as foreign policy interests.

On the face of it, Mr. President, it seems wrong to me to require interest rates on loans arising from the sale of agricultural commodities higher than loans in the aid program arising from the industrial sector.

With respect to title IV credits, particularly, a sharp increase in interest rates to countries just emerging into capability to trade on commercial terms will certainly have an adverse effect upon the ability of the U.S. Government to make these title IV sales for dollars. Where this situation exists the alternative in many cases will be to continue sales or donations on much softer terms under titles I, II, or III or not to provide these commodities at all. The purpose of a maximum limit on interest rates under title IV was to encourage progress toward commercial trade in U.S. agricultural commodities; the Senate bill will have exactly the opposite effect.

In almost every category, what we have done in these new provisions in the bill is to write in new restrictions, new redtape, which will make it more difficult for the administrators of the program to do a good job.

Perhaps there are those who want to see us do less in using our God-given food abundance to reduce human hunger.

If you believe that we should do everything we can to curtail food production to the point where we have no reserves to share with hungry people abroad, if you really believe that food for peace is nothing more nor less than just another hard-boiled commercial transaction, with profit the only consideration, then you can be reasonably satisfied with the changes which have been made in the Senate bill. That is not my view of food for peace, nor is it the view of former President Eisenhower, the late President Kennedy, nor President Johnson.

I am going to support this extension in the earnest hope that the other body, when it works its will on the legislation, will strike a good many of these restrictions which have been incorporated in the Senate bill.

I believe that the House committee after long and diligent hearings and investigation on the food-for-peace program before the subcommittee headed

by Congressman POAGE of Texas came out with a good bill. I know that the legislation suffered a temporary setback in the House on Monday of this week, but I do hope that the basic provisions of the bill as drafted by the other body will prevail in conference. It will be in the long-range interest of the American farmer, the American taxpayer, and our friends abroad, if the House version of the bill prevails.

I say this with all due respect to the great chairman of the Senate committee on which I serve. The chairman of that committee is one of the most diligent, effective and hard-working men in the Congress and nothing that I say here today casts reflection in any way on either his integrity or his devotion. It is simply a difference in philosophy. I believe that the food-for-peace program is one which should be expanded rather than curtailed. I believe that we should knock down the barriers and the restrictions interfering with its effectiveness. I believe that we should give our administrators greater freedom and greater flexibility. I believe that this is a very powerful tool on behalf of American agriculture and on behalf of a more peaceful world.

Mr. President, at my request a specialist who is thoroughly familiar with all aspects of the food-for-peace program, prepared an analysis of the impact of subjecting all grants or currencies received under title I of Public Law 480, title I, to the appropriations process. I ask unanimous consent that this analysis be printed at the conclusion of my remarks.

There being no objection, the analysis was ordered to be printed in the RECORD, as follows:

PUBLIC LAW 480 GRANTS AND THE APPROPRIATIONS PROCESS

Making all grants or currencies received under title I of Public Law 480 subject to appropriations will deny to the President a useful instrument for foreign policy and the common defense, and will not lighten the load now being carried by the appropriations to the Department of Agriculture to cover the costs of the price support program and the food-for-peace program. These currencies cannot do what dollar aid can and must do; i.e., provide needed goods and services from outside the receiving country. The wheat, cotton, and soybean oil which are shipped to the country under the Public Law 480 sale agreement does that, and the dollar request for foreign assistance is already reduced by taking full account of the needs of our less developed friends and allies which can be met in this way. AID dollars and MAP dollars are already tight, are all needed to finance additional goods and services these countries need from the outside, and will not be used to buy Public Law 480 grant currency.

The authority to commit in the sale agreement a part of the sales proceeds for loans or grants for economic development or the common defense is what enables the food-for-peace program to serve the interests not only of the U.S. farmer and taxpayer, but of our foreign policy abroad. Under every agreement the choice exists to commit a share of the sales proceeds on a loan basis or on a grant basis for purposes which will serve the needs of the country and the interests of the United States. There are three kinds of situations where the U.S. interest

is best served by a grant, rather than a loan. The amendments in the committee bill by making also grants for the procurement of military goods and services for the common defense under section 104(c) subject to section 1415 and by removing the authority for a Presidential waiver of appropriation requirement for such currency grants will forestall this choice and remove from the President the option of committing currency on a grant rather than a loan basis when the U.S. interest would be best served by so doing.

The first case where a grant serves the U.S. interest better than a loan is that of Vietnam and Korea—the two countries which are expected to continue to require substantial support from this country and from Public Law 480 for their extraordinary defense effort. Under section 104(c) the productivity of American farms is being directly put to work supporting the active defense of the free world against Communist aggression.

During the past year there were only four grants in the Public Law 480 grant agreements under section 104(c) authorizing use of the currency for the common defense. These were in Vietnam, Korea, Greece, and China. In each case the currency went directly to bolster the extraordinary defense effort of these countries. We anticipate a continued heavy requirement for U.S. support of this kind, particularly in Korea and Vietnam, and the amendment in the committee bill will seriously hinder the President's ability to support our allies on these active fronts of the cold war.

The second kind of situation in which grants have been useful in the conduct of Public Law 480 programs have been occasional special situations, usually modest in size, where the ability to make an economic development grant, rather than an economic development loan, has permitted a foreign policy purpose to be served in the U.S. interest which was marginal in nature and would not have been served if scarce aid dollars had been required for the purpose. For example, in the Sudan we were able to both supplement our technical assistance program by using Public Law 480 currencies to finance some of the local costs of projects into which we were putting AID dollars and, at the same time, to make the overall sale agreement attractive to the Government of Sudan in competition with an offer of wheat from Russia at a lower market price. Again, in Brazil we were able to meet a substantial part of our pledged support under the Alliance for Progress to the special development activity for the drought areas of the northeast with Public Law 480 proceeds. There these funds help found co-ops, build roads and dams, and open new territory for cultivation. Such occasions arise only infrequently in the conduct of the program but the ability to meet them flexibly is a useful, if marginal, instrument in the President's hands.

The third situation where it is desirable in the U.S. interest to be able to make economic development grants instead of economic development loans, is in the countries such as Pakistan and India where the sales of Public Law 480 commodities have been so great in comparison with our requirements for expenditures in those countries, that the 10 percent required to be reserved for U.S. uses, when combined with the repayments coming in from past DLF loans and Public Law 480 loans, greatly exceeds both our current and our future needs. In addition to the \$330 million equivalent of rupees available for U.S. uses currently on hand in U.S. Treasury accounts in India, the Government of India now owes the United States more than \$2 billion of rupees payable over the next decades. We are currently using these rupees at the rate of \$17 million a year for all

U.S. uses, including special foreign currency appropriation.

Under these circumstances it is simply more sensible to concentrate our attention and our bargaining power over the use of these sales proceeds on the substantive questions of what they are to be used for and how our control over them may be used to improve the pattern of investment in India and speed the pace of development, rather than to squander that bargaining power over loan repayment terms governing an obligation which will be a heavy burden on the future Indian budget but will not result in a usable asset for us. In view of this extraordinary circumstance of excess currency accumulation in a very few countries, the last major sales agreements with India and Pakistan provided economic development funds half on a loan and half on a grant basis. The committee's amendment would foreclose the President's ability, in consultation with the appropriate congressional leaders, to continue this sensible behavior.

The committee has also included use of currency loan repayments in its prohibition of grants which are not covered by appropriations. There is a great deal of confusion regarding the status of currencies received as interest and repayment of principal on Public Law 480 loans which should be clarified. These repayments are not subject to the commitments in the sales agreements, but are all available for U.S. uses within the country. The United States is committed to take into consideration the impact of their use on the economy of the country but we are free to use them for either our own normal civilian or military operations or for any other purposes covered by appropriations. In most countries the level of U.S. offshore expenses is such that our need for local currency is still greater than the flow of these repayments and they are all readily absorbed in substitution for dollar expenditures. This is a pure saving both to the taxpayer and to our balance of payments.

In a few countries, however, which are the ones where the largest loans are outstanding, these repayments simply add to balances of local currency in the Treasury which are already greatly in excess of any need covered either by regular appropriations or by special foreign currency appropriations. These are currencies for which the Commodity Credit Corporation was reimbursed years ago when the commodities were shipped under an agreement providing for the sales proceeds to be loaned to the purchasing countries. To require them to be subject to appropriations would be to impose double jeopardy. It would place before the Appropriations Committees the necessity for reaching a judgment on a problem which is foreign to their normal concerns—a problem not of weighing competing claims on scarce U.S. resources, but of how best to exercise a limited right of interference in the use of a foreign country's resources.

These excess loan repayments are in a limited way useful. They are not useful for any ordinary or extraordinary U.S. Government program. Under the existing system the need for these currencies for such purposes is already exhausted. They are useful, however, for building new institutions in the host country, for stimulating new activities short of causing inflationary demands, for expanding educational, health, scientific and other developmental opportunities that would otherwise remain closed. The administration needs some flexibility and assurance of support in negotiating such uses. Under the existing law it has that support and flexibility. The committee amendment would remove it, denying to the President another opportunity to advance U.S. interests abroad.

Mr. JAVITS. Mr. President, I offer an amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment of the Senator from New York will be stated.

The LEGISLATIVE CLERK. On page 10, after line 25, it is proposed to insert the following:

(13) clause (1) of section 304(a) of such Act is amended by inserting after the words "Union of Soviet Socialist Republics" the words "or the Communist regime in China."

Redesignate the succeeding paragraph numbers.

The PRESIDING OFFICER. The Senator from New York is recognized.

Mr. JAVITS. Mr. President, the purpose of the amendment is obviously to include, among the category of friendly nations which we seek to make independent of trade with the Communist bloc, the Communist regime in China standing separately.

As the bill now reads, the section refers to the Union of Soviet Socialist Republics and nations dominated or controlled by the Union of Soviet Socialist Republics. The words of the bill have therefore not caught up with the rift between Moscow and Peiping. In the course of my work on a code for getting the Western nations together in respect of trade with the Communist bloc we came across this omission, and the Department of Agriculture and the Department of State have both concurred in the idea of including the language proposed.

Mr. ELLENDER. I wish to say to my good friend from New York that the committee really overlooked that point. The committee had received from both the Department of State and the Department of Agriculture the suggestion, which the Senator is now making, that the bill be amended to that effect. Mr. President, I have no objection to the amendment.

Mr. JAVITS. I thank my colleague. The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New York.

The amendment was agreed to.

Mr. ELLENDER. Mr. President, I ask unanimous consent that extracts of letters from the Department of Agriculture and Department of State pertinent to this amendment be placed in the RECORD at this point.

There being no objection, the excerpts from department letters were ordered to be printed in the RECORD, as follows:

DEPARTMENT OF STATE,
Washington, D.C., October 11, 1963.

DEAR MR. CHAIRMAN: Your letter of May 10, 1963, requested a report on S. 1498, a bill to amend section 304 of the Agricultural Trade Development and Assistance Act of 1954.

Secondly, the bill would add areas controlled by the Communist regime in China to those countries from which the United States would seek to make friendly countries independent with regard to trade.

The Department believes that the first of these additions would be both unnecessary and undesirable, but that the second would be desirable.

The second change which would be effected by Senate bill 1498 would add areas controlled by the Communist regime in China to those from which the U.S. Government should seek to make friendly countries independent in their trade. The Department considers that this change would be a useful and desirable one entirely consistent with the U.S. policy regarding the Communist Chinese regime. It wishes to support that part of Senate bill 1498 which would serve this purpose.

The Bureau of the Budget advises that, from the standpoint of the administration's program, there is no objection to the presentation of this report for the consideration of the committee.

Sincerely yours,

FREDERICK G. DUTTON,
Assistant Secretary,
(For the Secretary of State).

DEPARTMENT OF AGRICULTURE,
Washington, D.C., October 10, 1963.

HON. ALLEN J. ELLENDER,
Chairman, Committee on Agriculture and Forestry, U.S. Senate.

DEAR MR. CHAIRMAN: This is in response to your request for a report on S. 1498, a bill to amend section 304 of the Agricultural Trade Development and Assistance Act of 1954, commonly known as Public Law 480 (83d Cong.).

(2) Add areas and nations dominated or controlled by the Communist regime in China to the countries from which the United States would seek to assist friendly countries to be independent in their trade.

With respect to adding areas dominated or controlled by the Communist regime in China to those countries from which the United States would seek to assist friendly countries to be independent in their trade, we have been advised by the Department of State that it considers this change useful and desirable and entirely consistent with U.S. policy regarding the Communist Chinese regime. Therefore, the Department would have no objection to the enactment of this proposal.

The Bureau of the Budget advises that there is no objection to the presentation of this report from the standpoint of the administration's program.

Sincerely yours,

CHARLES S. MURPHY,
Acting Secretary.

Mr. FULBRIGHT. Mr. President, I wish to address an inquiry to the chairman of the committee regarding the provision in the House bill dealing with excess foreign currencies generated under this program, which appears on page 2, line 17, running over to line 16 on page 3. It provides for the setting up of an Advisory Committee composed of the Secretary of Agriculture, the Director of the Bureau of the Budget, the head of the Administration for International Development, the chairman and ranking minority members of committees of both the House and Senate, to try to develop some efficient ways of utilizing the excess currencies. This provision was not carried in the Senate bill. I was hopeful that in conference the Senate conferees, particularly the chairman of the committee, would give sympathetic consideration to that suggestion, because we believe it might lead to more efficient utilization of excess foreign currencies,

which many of us believe have not been utilized to the fullest in the past.

Mr. ELLENDER. I share the views expressed by the Senator from Arkansas. I believe such a study is long overdue. Speaking for myself—but I am sure the committee as a whole would agree—there would be no objection to the formation of such a Committee as he has suggested, to the end of finding better ways and means of utilizing the currencies.

Mr. FULBRIGHT. The personnel of the Committee, since it would include the chairman of the Senate committee, would be well established. I hope the Senate will accept the House language.

Mr. ELLENDER. It would be a good Committee.

Mr. FULBRIGHT. It will be an excellent Committee. I thank the Senator.

Mr. AIKEN. Mr. President, when the Senate was considering the extension of the food-for-peace law, Public Law 480, earlier in the day, the distinguished senior Senator from Kentucky [Mr. COOPER] was necessarily absent. He has, however, prepared a statement setting forth his views on the extension of Public Law 480.

I ask unanimous consent that the statement be printed at the proper place in the RECORD, when the discussion took place on the extension of the act.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR COOPER

I have supported Public Law 480, often referred to as the food-for-peace program, since its development and enactment in 1954 under President Eisenhower. As a member of the Senate Committee on Agriculture and Forestry, and in the Senate, I have been able to take part in the continued development and to vote for extensions of the program.

Public Law 480 has encouraged and made possible increased exports of American farm products—building expanded markets abroad and putting to good use our agricultural plenty in ways that support and greatly benefit farmers in Kentucky and all parts of the Nation. It has helped to meet the food and fiber needs of dozens of countries in transition which are short of dollars and are struggling to meet the demands of their developing and growing economies. It makes available for a wide variety of worthy purposes, largely through loans and consistent with our programs of assistance and the interest of the United States, the foreign currencies generated by the increased sales of American farm products—which could otherwise become a burden upon our farm price support and surplus disposal programs.

Public Law 480 has had wide support in the Congress and in the country. It is one program which brings into harmony the problems of abundant agricultural production in this country and hunger in the world—striking directly at a paradoxical situation so often cited as a challenge to our ingenuity.

I am very glad to support the extension for 2 years of titles I and II of Public Law 480, as I have supported extensions of the program in the past, and I hope the Senate and the Congress will vote to continue the successful operation of the food-for-peace program.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment in the nature of a substitute.

The amendment in the nature of a substitute was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment. If

there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall the bill pass?

The bill (S. 2687) was passed, as follows:

S. 2687

An act to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Agricultural Trade Development and Assistance Act of 1954, as amended, is further amended as follows:

(1) Section 101 of such Act is amended by striking out in subsection (f) the words "from the government or agencies thereof" and further by striking the period at the end of subsection (f) and adding the following: ", and which are not less favorable than the highest of exchange rates obtainable by any other nation."

(2) Section 101 of such Act is amended by adding at the end thereof the following new subsection:

"(g) require such foreign currencies to be convertible to dollars to the extent consistent with effectuation of the purposes of this Act."

(3) Section 102 of such Act is amended by adding at the end thereof the following: "The Commodity Credit Corporation shall finance ocean freight charges under this section only to the extent that such charges are higher (than would otherwise be the case) by reason of a requirement that the commodities be transported in United States-flag vessels."

(4) Section 103(a) of such Act is amended by adding at the end thereof the following: "In presenting his budget, the President shall classify expenditures under this Act as expenditures for international affairs and finance rather than for agriculture and agricultural resources."

(5) Effective January 1, 1965, section 103 (b) of such Act is amended to read as follows:

"(b) Agreements shall not be entered into under this title during the period beginning January 1, 1965, and ending December 31, 1966, which will call for appropriations to reimburse the Commodity Credit Corporation in a total amount in excess of \$2,700,000,000 plus any amount by which agreements entered into in prior years have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such prior years by this Act as in effect during such years: *Provided*, That agreements shall not be entered into during any calendar year of such period which will call for appropriations to reimburse the Commodity Credit Corporation in amounts in excess of \$2,500,000,000."

(6) Section 104 of such Act is amended by striking out in subsection (c) the word "military" and inserting after the words "common defense" the words "including internal security".

(7) Section 104 of such Act is amended by striking from subsection (e) the words "not more than 25 per centum of the currencies received pursuant to each such agreement shall be available" and substituting "currencies shall also be available to the maximum usable extent."

(8) Section 104 of such Act is amended (1) by striking out, in the first proviso following subsection (s), "subsections (d) and (e) and for payment of United States obligations involving grants under subsection (f)" and

inserting in lieu thereof "this section, and to all foreign currencies derived from payments of interest or repayments of principal on loans made under this section,"; and (ii) by striking out the second proviso following subsection (s).

(9) Section 104 of such Act is amended by adding at the end thereof the following: "No agreement hereunder shall impose any restrictions not contained in this section on the use to meet the requirements of United States Government agencies in the importing country of local currencies not devoted to subsection (c), (d), (e), or (g). Any such currencies shall under the terms of the agreement be made legal tender or convertible into legal tender for the purpose of any obligation of the United States or any of its agencies to the government of the importing country or any of its agencies. Any loan made under the authority of this section shall bear interest at such rate as the President may determine but not less than the cost of funds to the United States Treasury, taking into consideration the current average market yields on outstanding marketable obligations of the United States having maturity comparable to the maturity of such loans."

(10) Section 108 of such Act is amended by striking out the words "six months" and inserting in lieu thereof the word "year".

(11) Section 203 of such Act is amended (i) by striking out "1961" and substituting "1965"; (ii) by striking out "1964" and substituting "1966"; (iii) by striking out "\$300,000,000", and substituting "\$375,000,000"; and (iv) by inserting after "charges for general average contributions arising out of the ocean transport of commodities transferred pursuant hereto" the following: "or donated under said section 416, section 308 of this Act or section 9 of the Act of September 6, 1958 (72 Stat. 1790)". Clauses (i), (ii), and (iii) hereof shall not become effective until January 1, 1965.

(12) Sections 109 and 204 of such Act are amended by striking out "1964" and inserting "1966".

(13) Clause (1) of section 304(a) of such Act is amended by inserting after the words "Union of Soviet Socialist Republics" the words "or the Communist regime in China."

(14) The first sentence of section 403 of such Act is amended by striking out the words "more than" and inserting the words "less than".

SEC. 2. Subsection (b) of section 612 of the Foreign Assistance Act of 1961, as amended, is amended (1) by redesignating it as subsection (t) of section 104 of the Agricultural Trade Development and Assistance Act of 1954, as amended.

(2) By inserting after the subsection designation the following: "For sale to United States citizens as provided herein."

(3) By striking "this Act" and substituting "the Foreign Assistance Act of 1961, as amended."

(4) By changing the period at the end of the subsection to a comma and adding "except that in the case of any such foreign currencies acquired through operations under title I of the Agricultural Trade Development and Assistance Act of 1954, as amended, the United States dollars received from the sale of such foreign currencies shall be deposited to the account of the Commodity Credit Corporation and shall be treated as a reimbursement to Community Credit Corporation under section 105 of this Act."

SEC. 3. Notwithstanding any other provision of law, the Commodity Credit Corporation, in order to encourage exports of extra long staple cotton which is in surplus supply, is directed to sell or otherwise make available for export extra long staple cotton at prices not in excess of the prices at which cotton of comparable qualities is being offered by other exporting countries. Such

cotton shall be sold or otherwise made available for export as long as such cotton is in surplus supply as determined pursuant to the provision of section 106 of the Agricultural Trade Development and Assistance Act.

Mr. MANSFIELD. Mr. President, I move that the vote by which the bill was passed be reconsidered.

Mr. BYRD of West Virginia. Mr. President, I move that the motion to reconsider be laid on the table.

The motion to lay on the table was agreed to.

Mr. ELLENDER. Mr. President, I ask unanimous consent that the bill which we just considered, S. 2687, be printed, as passed.

The PRESIDING OFFICER. Without objection, it is so ordered.

A BILL TO AMEND SECTION 8(b) OF THE SOIL CONSERVATION AND DOMESTIC ALLOTMENT ACT, AND FOR OTHER PURPOSES

Mr. MANSFIELD. Mr. President, I ask the Chair to lay before the Senate a message from the House.

The PRESIDING OFFICER laid before the Senate the bill (H.R. 9178) which was read twice by its title.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to proceed to the immediate consideration of the bill.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill? The Chair hears none, and it is so ordered.

The Senate proceeded to consider the bill, which was ordered to a third reading, read the third time, and passed.

AMENDMENT OF SECTION 8(b) OF THE SOIL CONSERVATION AND DOMESTIC ALLOTMENT ACT, AND FOR OTHER PURPOSES

Mr. MANSFIELD. Mr. President, I move that the Senate reconsider the vote by which Senate bill 1253, a similar bill, was passed today, and that the bill be indefinitely postponed.

The motion was agreed to.

APPROPRIATIONS FOR THE DEPARTMENTS OF LABOR, HEALTH, EDUCATION, AND WELFARE, AND RELATED AGENCIES FOR THE FISCAL YEAR ENDING JUNE 30, 1965, AND FOR OTHER PURPOSES

The PRESIDING OFFICER. The Senator from West Virginia is recognized.

Mr. BYRD of West Virginia. Mr. President, I yield to the majority leader.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the pending business be laid aside temporarily and that the Senate proceed to the consideration of Calendar Order No. 1396, H.R. 10809, that it be laid down and made the pending business.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (H.R. 10809) making appropriations for the Departments of Labor, Health, Educa-

tion, and Welfare, and related agencies for the fiscal year ending June 30, 1965, and for other purposes.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Appropriations, with amendments.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 11380) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD of West Virginia. I yield to the Senator from Connecticut.

Mr. RIBICOFF. Mr. President, there are several points about the Dirksen amendment which have not been adequately discussed. Before coming to these, I would like to examine the very premise of the amendment. As I understand Senator DIRKSEN's position, he is proposing that enforcement of the Supreme Court's apportionment ruling be delayed so that there will be time to adopt a constitutional amendment reversing that decision. Now, on the surface that is a plausible position. Surely those who oppose a Supreme Court decision interpreting our Constitution have a perfect right to press for a constitutional amendment. The 14th amendment itself was a decision by Congress and the people to change a constitutional interpretation of the Supreme Court. Personally, I would be opposed to the type of constitutional amendment Senator DIRKSEN has in mind, but I do not question his right to present his amendment and have it considered.

The issue raised by the pending rider, however, has nothing to do with whether there should be a constitutional amendment. The real issue is more basic. It is whether any constitutional amendment that may be proposed should be adopted by constitutional or unconstitutional means.

The real issue is whether the State legislatures that may one day consider a constitutional amendment will be constitutionally apportioned or unconstitutionally apportioned.

The real thrust of Senator DIRKSEN's rider is to make sure that his proposed constitutional amendment comes up for ratification in State legislatures which are unconstitutionally apportioned. Indeed, the argument from some of the proponents has been made with refreshing candor. They have argued that unless the Court's decision is stayed for at least 2 years, the States will go ahead

and reapportion, and then, so the argument continues, it will be too late to reverse the result by constitutional amendment. Therefore, they want to make sure that the present arrangements are frozen so that illegally apportioned legislatures get to vote on whether to make themselves legal by amending the Constitution.

It would be unconscionable to let malapportioned legislatures make the decision as to whether malapportionment is to continue.

And what of the argument that after reapportionment, it will be too late? This is saying that a population-based legislature might not vote to go back to a system based partly on geography. Yet the proponents are not the least troubled by the certainty that the existing legislatures would never go forward to a system based on population.

As a matter of fact, population-based legislatures might well give full and fair consideration to a constitutional amendment allowing some variation from strict adherence to population. After all, such proposals have been approved in some States by a majority of all the voters. And a population-based legislature would reflect the sentiment of such a majority.

But a minority-controlled legislature could scarcely be expected to do anything but cling to the system which gives control to the minority.

The issue should not, however, turn on our prediction of what a legislature might do in the future. Our concern should be to make sure that any proposed amendment is considered in a constitutional way. That can occur only if the States go ahead and reapportion. Then we will have lawful legislatures empowered to consider whatever amendment Senator DIRKSEN or others might care to propose.

To adopt the Dirksen "freeze" is to let the boy caught with his hand in the cookie jar decide whether he is to continue his illegal nourishment.

Beyond this most basic argument, the proponents have also contended that delay is necessary to avoid confusion. In my own State of Connecticut, and in many others as well, I believe delay will only add to confusion.

Connecticut now has a special session of its general assembly in progress trying to work out a reapportionment plan that conforms to the Supreme Court ruling. Good faith efforts are being made to reach a constitutional result. Should these efforts be brought to a halt by a stay of the district court's order, confusion will surely be compounded. We will not be sure whether there can be an election for State legislators this November. We will not be sure how to nominate for such positions. We will not be sure what powers such a legislature would have. In short, a situation that is now on the track, moving to a solution, would be derailed into chaos.

There may well be some situations around the country where a stay is in the public interest. If that is so, no legislation is needed to authorize the district courts to grant such a stay. They have such power now.

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15. RESEARCH. Sen. Neuberger inserted an article praising the inclusion in the Water Resources Act of a provision prohibiting the private patenting of discoveries made by expenditures of public funds in developing ways to conserve and purify water. pp. 19931-2
 16. RECLAMATION. Passed as reported H. R. 3672, to provide for the construction, operation, and maintenance of the Savery-Pot Hook, Boetwick Park, and Fruitland Mesa participating reclamation projects under the Colorado River Storage Project Act. p. 19949
The Interior and Insular Affairs Committee reported without amendment H. R. 130, to provide for the payment of compensation, including severance damages, for rights-of-way acquired by the U. S. in connection with reclamation projects, the construction of which commenced after Jan. 1, 1961. (S. Rept. 1507). p. 19905
Disagreed to the amendment of the House on S. 1123, to provide for the construction of the Lower Teton division of the Teton Basin Federal reclamation project, Idaho. Conferees were appointed. p. 19972
 17. LANDS. The Interior and Insular Affairs Committee reported with amendment S. 883, to amend the Mineral Leasing Act of 1920 to authorize geothermal steam leases under the provisions of such act (S. Rept. 1508), and also with amendment H. R. 5159, to authorize and direct that certain lands exclusively administered by the Secretary of the Interior be managed under principles of multiple use and to produce a sustained yield of products and services (S. Rept. 1506). pp. 19905-7
 18. WATERSHEDS. Sen. McNamara inserted a list of projects approved by the Public Works Committee under the Watershed Protection and Flood Prevention Act. p. 19972
- HOUSE
19. ELECTRIFICATION. Rep. Saylor advised that a map incorporated into a report furnished the conferees on S. 1007, regarding Federal hydroelectric plants in the Pacific Northwest, is not the correct map and inserted an excerpt from a letter from the Pacific Power and Light Co. urging exhaustive tests before large sums of money are committed. p. 19975
 20. CLAIMS. Concurred in Senate amendments to H. R. 6910, to provide for the settlement of claims against the U. S. by members of the uniformed services and civilian officers and employees of the U. S. for damage to, or loss, of, personal property incident to their services. This bill will now be sent to the President. p. 19976
 21. MILITARY CONSTRUCTION APPROPRIATION BILL, 1965. Both Houses agreed to the conference report on this bill, H. R. 11369, and acted on items in disagreement. This bill will now be sent to the President. pp. 19952-4, 19977-9
 22. APPALACHIA. The Rules Committee reported a resolution for the consideration of H. R. 11946, to provide public works and economic development programs and the planning and coordination needed to assist in the development of the Appalachian region. pp. 19988, 20122
 23. INFORMATION; ARTS. Passed, with amendments, by a vote of 213 to 135 H. R. 9586, to provide for the establishment of a National Council on the Arts to assist in the growth and development of the arts in the U. S. pp. 20004-24
 24. PUBLIC LAW 480. The Rules Committee reported a resolution for the consideration of H. R. 12298, to extend the Agricultural Trade Development and Assistance Act of 1954. pp. 20031, 20122

25. GUAM. Passed with amendment, S. 692, to establish Federal agricultural services to Guam. H. R. 3896, a similar bill, passed earlier with amendments was tabled. pp. 20031, 20032-3
26. POVERTY. Rep. Curtis inserted the minority views on the Economic Opportunity Act of 1964. pp. 20038-46
27. WILDLIFE. Rep. Keith urged enactment of H. R. 2392, to initiate a program for the conservation, development and enhancement of the Nation's anadromous fish in cooperation with the several States. pp. 20046-7
28. NATURAL RESOURCES. A subcommittee of the Interior and Insular Affairs Committee voted to report to the full committee S. 1111, to provide for the optimum development of the Nation's natural resources through the coordinated planning of water and related land resources, through the establishment of a Water Resources Council and River Basin Commission, and by providing financial assistance to the States in order to increase State participation in such planning. p. D727
29. FOOD ADDITIVES. The Rules Committee reported a resolution for the consideration of H. R. 12033, to further amend the transitional provisions of the act of 1958 prohibiting the use of food additives which have not been adequately tested to establish their safety. p. 20122
WOOL.
30. The Rules Committee reported a resolution for the consideration of H. R. 4994, to amend the Textile Fiber Products Labeling Act of 1938 in order to require that imported woven labels must have woven into them the name of the country where woven. p. 20122
31. CONVENTION RECESS. Adopted H. Con. Res. 359, to provide that when the House adjourns on Fri., Aug. 21 it will stand adjourned until Mon., Aug. 31. p. 20038

ITEMS IN APPENDIX

32. RURAL AMERICA. Extension of remarks of Rep. Cooley commending and inserting Secretary Freeman's statement to the Democratic platform committee in which he asked "that the Democratic party dedicate itself to the goal of parity of opportunity for rural America." pp. A4406-7
33. TVA. Rep. Davis inserted an address on the progress and accomplishments of TVA. pp. A4408-11
34. WOOL IMPORTS. Extension of remarks of Rep. Cleveland expressing concern for the "plight" of the wool manufacturing industry and inserting an article on this subject. pp. A4417-8
35. OPINION POLL. Rep. MacGregor inserted the results of an opinion poll, including items of interest to this Department. pp. A4431-2
36. MEAT IMPORTS. Extension of remarks of Rep. Burke inserting an editorial and stating that it "points up the concern on the part of responsible people as to the action taken by Congress" in passage of the meat import bill. pp. A4433-4
37. WHEAT. Extension of remarks of Rep. Beermann stating that the wheat portion of the wheat-cotton law is having a "disastrous and widespread effect" and inserting an article, "Wheat Program Isn't On Target." pp. A4435-6
38. YOUTH CORPS; CONSERVATION. Rep. Hansen inserted an article, "The Youth Development and Conservation Corps in the State of Washington." pp. A4438-9

CONSIDERATION OF H.R. 12298

AUGUST 20, 1964.—Referred to the House Calendar and ordered to be printed

Mr. BOLLING, from the Committee on Rules, submitted the following

R E P O R T

[To accompany H. Res. 865]

The Committee on Rules, having had under consideration House Resolution 865, report the same to the House with the recommendation that the resolution do pass.

○

House Calendar No. 303

88TH CONGRESS
2D SESSION

H. RES. 865

[Report No. 1836]

IN THE HOUSE OF REPRESENTATIVES

AUGUST 20, 1964

Mr. BOLLING, from the Committee on Rules, reported the following resolution;
which was referred to the House Calendar and ordered to be printed

RESOLUTION

1 *Resolved*, That upon the adoption of this resolution it
2 shall be in order to move that the House resolve itself into
3 the Committee of the Whole House on the State of the
4 Union for the consideration of the bill (H.R. 12298) to
5 extend the Agricultural Trade Development and Assistance
6 Act of 1954, and for other purposes, and all points of order
7 against said bill are hereby waived. After general debate,
8 which shall be confined to the bill and continue not to exceed
9 two hours, to be equally divided and controlled by the chair-
10 man and ranking minority member of the Committee on
11 Agriculture, the bill shall be read for amendment under the
12 five-minute rule. At the conclusion of the consideration of

1 the bill for amendment, the Committee shall rise and report
2 the bill to the House with such amendments as may have
3 been adopted and the previous question shall be considered
4 as ordered on the bill and amendments thereto to final
5 passage without intervening motion except one motion to
6 recommit. After the passage of the bill H.R. 12298, it
7 shall be in order in the House to take from the Speaker's
8 table the bill S. 2687 and to move to strike out all after the
9 enacting clause of said Senate bill and to insert in lieu
10 thereof the provisions contained in H.R. 12298 as passed
11 by the House.

88TH CONGRESS
2^D Session

H. RES. 865

[Report No. 1836]

RESOLUTION

Providing for consideration of H.R. 12298, a bill to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes.

By Mr. BOLLING

AUGUST 20, 1964

Referred to the House Calendar and ordered to be printed

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For information only;
should not be quoted
or cited)

Issued Sept. 3, 1964
For actions of Sept. 2, 1964
88th-2nd; No. 168

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HIGHLIGHTS: House debated Public Law 480 bill. House committee reported water resources planning bill. Sen. Hruska expressed concern over decline in farm income.

SENATE

1. LANDS. Concurred in the House amendment to S. 2082, to authorize the Secretary of the Interior to accept a transfer from the Farmers Home Administration of a tract of land within the Everglades National Park, Fla. Authorizes the appropriation of not to exceed \$452,000 to reimburse FHA for the property. This bill will now be sent to the President. p. 20688
2. WATER RESOURCES. Concurred in the House amendment to S. J. Res. 49, to authorize the Secretary of the Interior to carry out a program for control of phreatophytes along the Pecos River channel, N. Mex. and Tex. This bill will now be sent to the President. p. 20638

3. PERSONNEL. Passed as reported H. R. 12342, to authorize certain retired and other personnel of the Federal Government to accept and wear decorations, presents, and other things tendered them by certain foreign countries. p. 20705
4. FARM PROGRAM. Sen. Hruska criticized administration farm policies, contending that "farm income has declined and farm expenses continued to mount." pp. 20735-6
Sen. Mundt inserted a S. Dak. Young Republicans resolution critical of administration farm policies. p. 20713
5. FOOD FOR PEACE. Sen. McGovern inserted a National Catholic Rural Life Association resolution favoring his proposal to provide \$50 million for the purchase of high protein, nonsurplus foods for donation to school lunch and similar programs in eligible nations. pp. 20712-3
6. POVERTY. Sen. Pearson criticized the poverty bill as "pure politics for 1964" and inserted an editorial in support of his position. p. 20711

HOUSE

7. LABOR AND HEALTH, EDUCATION, AND WELFARE APPROPRIATION BILL, 1965. Received the conference report on this bill, H. R. 10809 (H. Rept. 1880). pp. 20752-55
8. PUBLIC LAW 480. Began debate on H. R. 12298, to extend the Agricultural Trade Development and Assistance Act of 1954. pp. 20757-96
Agreed to the following amendments:
By Rep. Findley, 125 to 96, to require congressional appropriation before grant of any U.S.-owned foreign currency can be made under title I agreements. pp. 20770-79
By Rep. Whitten, 103 to 83, to prohibit use of foreign currencies to promote or increase production or to help increase production of any commodity in competition with U. S. production. pp. 20780-81
By Rep. Rogers, Fla., to prohibit surplus Public Law 480 foodstuffs going to any country which allows its ships or airplanes to call in Cuba. p. 20781
By Rep. Bolton to define again the definition of what friendly nations can be given food under Sec. 107 and except the United Arab Republic from the definition of friendly nations. pp. 20782-96
Rejected the following amendments:
By Rep. Findley, 61 to 84, to make this a 2-year authorization instead of 3 years and to change the dollar amounts for title I and title II to exactly the same levels as provided by the Senate bill. p. 20779
By Rep. Findley to tighten the definition of friendly governments so as to exclude Communist-dominated governments like those of Yugoslavia and Poland from the benefits under title I only. pp. 20779-80
9. LANDS; PARKS. Received the conference report on S. 27, to provide for the establishment of the Canyonlands National Park, Utah (H. Rept. 1881) pp. 20797-9
10. RECLAMATION. Received the conference report on S. 1123, to provide for the construction of the Lower Teton division of the Teton Basin reclamation project, Idaho (H. Rept. 1882). pp. 20796-7
11. WATER RESOURCES. The Interior and Insular Affairs Committee reported with amendment S. 1111, to provide for the optimum development of the Nation's natural resources through the coordinated planning of water and related

I firmly believe that Members of Congress should have a minimum familiarity with the States and districts whose interests they are elected to represent. If we do not take this remedial action, America may be saddled with more and more undeserving or unqualified persons trading on a famous name in local elections.

We cannot and must not encourage carpetbaggers to deprive a State of legitimate and concerned representation to further their own careers of self-aggrandizement. We must head off this type of selfish, ambitious, and disinterested representation not only because it is detrimental to our States but because it is injurious to America as well.

CORRECTION OF RECORD

Mr. KILBURN. Mr. Speaker, the RECORD for September 1, 1964, in the first column on page 20534, shows that I referred to "Mr. Wolcott." I actually said "Mr. Joseph W. Barr."

I ask unanimous consent that the permanent RECORD may be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

CRIME AND ITS HANDLING

(Mr. DEVINE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DEVINE. Mr. Speaker, recently J. Edgar Hoover again pointed out the increase in crime rates across these United States.

I read in the local newspapers some very disturbing news which I believe should be of concern to all Americans. It particularly relates to the Negro riots in the city of Philadelphia recently.

It was reported in the newspapers that the police officers who were assigned to this particular "mess" were given orders just to stand around and not to do anything. It seems to me, if that is a correct report of what the orders were to the police department, that each and every man on the Philadelphia Police Department should have submitted his resignation.

It must constantly be remembered that this is a government of laws and not a government of men.

Then today in the current issue of the Christian Science Monitor I read a bit about the image being created overseas by the pictures being sent across, some of which showed, I think, four policemen with billy clubs raised, and it said the expressions on the face of the police gave great concern to the foreigners. Some of them had a smile or some of them had an expression of "hate." I presume the recipients of foreign aid would like to have us introduce legislation covering the facial expressions of policemen when they are undertaking to perform the duties which they have been sworn to do in order to uphold the laws.

Mr. McCULLOCH. Mr. Speaker, will the gentleman yield for a statement?

Mr. DEVINE. I yield to the gentleman from Ohio.

Mr. McCULLOCH. Mr. Speaker and Members of the House, I am very pleased with this statement of my distinguished colleague from Franklin County, Ohio. He was an able prosecuting attorney. He is a great lawyer, and these things need to be said over and over and over again.

Mr. DEVINE. I thank the gentleman.

THE BOBBY BAKER CASE

(Mr. SIBAL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SIBAL. Mr. Speaker, the entire country is indebted to the senior Senator from Delaware for his persistence and thoroughness in pursuing the Bobby Baker inquiry. This is a case that simply would not be put down, that cannot be shunted aside; that will not be forgotten.

We are all shocked and depressed by the continuing revelations in this case. They reflect deeply on the integrity of the entire Congress and all those who work for it.

The Baker case has established the existence of a deep conspiracy against the public trust at the very summit of our national government.

The American people are demanding answers. The Democratic majority must now respond to these demands. They must permit this investigation, which they have choked off heretofore, to be reopened and followed relentlessly wherever it leads and until all the answers are in.

Beyond that, Congress should act swiftly to remove the stain of the Baker case. I urge prompt consideration of my bill, by the Rules Committee, which would establish a code of ethics and create a joint committee to enforce it.

THE PHILADELPHIA POLICE DEPARTMENT

(Mr. NIX asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. NIX. Mr. Speaker, I think it is incumbent upon me to advise the House that the Police Department of the City of Philadelphia acquitted itself in an admirable manner on the occasion of the difficulties in Philadelphia last Friday night. There were no such orders issued to the police department that would restrain them from performing their duties in the city. I was on the scene from 10 o'clock at night until 7 o'clock the following morning, and I can give complete assurance that they did perform their duties, that they did under difficult circumstances control the situation, that they did protect the lives of the innocent, and that they did protect the property of the citizens of Philadelphia. They have my highest appreciation, and I here assert that they deserve

the respect and the commendation of all Philadelphians. I think they established for the country at large a type of conduct that should be emulated in other cities under such trying circumstances.

THE ENGAGEMENT IN TONKIN GULF

(Mr. HANNA asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HANNA. Mr. Speaker, on several occasions Members have come down to the well of the House to make observations concerning reports that were made of planes leaving the aircraft carrier in the engagement in the Gulf of Tonkin. I am not a military expert. I would certainly stipulate that those who have spoken know more about these things than I do. But I would say as a commonsense citizen that it did occur to me that of the many reported sampans and other watercraft that were available to the North Vietnamese, some quite possibly could have been equipped with radar, so that the actual reporting of the planes' leaving did not have to come from the mainland of North Vietnam. They could very well have come from watercraft within control of the North Vietnamese who then could have sent this information by radio.

So it has fallen on my ears as rather passing strange that this commonsense explanation had not occurred to those gentlemen who do not think that the North Vietnamese may have straight line radar that can go 800 miles or some such number of miles, when it does not seem to be necessary at all to explain what happened in this particular incident.

EXTENSION AND AMENDMENT OF PUBLIC LAW 480

Mr. BOLLING. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 865 and ask for its immediate consideration.

The Clerk read as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 12298) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill and continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit. After the passage of the bill H.R. 12298, it shall be in order in the House to take from the Speaker's table the bill S. 2687 and to move to strike out all after the enacting clause of said Senate bill and

to insert in lieu thereof the provisions contained in H.R. 12298 as passed by the House.

CALL OF THE HOUSE

Mr. GROSS. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. BOLLING. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 249]

Alger	Hays	Powell
Anderson	Healey	Purcell
Andrews, Ala.	Hébert	Rains
Avery	Hoffman	Rhodes, Ariz.
Baring	Kee	Ryan, Mich.
Barrett	Kluczynski	Scott
Bass	Landrum	Senner
Bell	Lesinski	Sheppard
Buckley	McIntire	Shipley
Burkhalter	Martin, Calif.	Sibal
Colmer	Martin, Mass.	Stephens
Diggs	Matsunaga	Teague, Tex.
Dingell	Meador	Thompson, N.J.
Downing	Miller, N.Y.	Toll
Finnegan	Montoya	Tupper
Flynt	Moorhead	Udall
Forrester	Morris	Wallhauser
Gill	Morrison	Williams
Green, Oreg.	Mosher	Wilson,
Hansen	Nedzi	Charles H.
Harsha	Pepper	
Harvey, Mich.	Pilcher	

The SPEAKER. On this rollcall 366 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

EXTENSION AND AMENDMENT OF PUBLIC LAW 480

Mr. BOLLING. Mr. Speaker, I yield 30 minutes to the gentleman from Ohio [Mr. BROWN].

Mr. Speaker, I know of no controversy over the rule making in order the extension of the Agricultural Trade Development and Assistance Act of 1954, commonly known as Public Law 480 or the Food-for-Peace Act.

The rule waives all points of order and provides for 2 hours of general debate. As I say, since there is no controversy I know of over the rule, I reserve the remainder of my time.

Mr. BROWN of Ohio. Mr. Speaker, I yield myself such time as I may consume.

(Mr. BROWN of Ohio asked and was given permission to revise and extend his remarks.)

Mr. BROWN of Ohio. Mr. Speaker, the gentleman from Missouri has explained the rule thoroughly and well, and I need not discuss it further at this time.

However, I do want to call attention, if I may, to the fact that this bill, being made in order under this rule, H.R. 12298, is a very important measure which would extend Public Law 480 for a period of 3 years, instead of the usual 2 years.

I understand that under title I of the act the United States would get paid for the food and commodities shipped abroad in foreign currencies spendable only under severely limited circumstances. I have been informed that just

recently we have made some transactions under Public Law 480 with certain foreign countries which are not at all friendly to the United States, or to our way of life. In fact, the information we have received is to the effect that some 120 different countries, I believe, are receiving largess at the hands of the U.S. taxpayers through Public Law 480. The cost of this bill would be somewhere around \$5.5 billion over a 3-year period, which would mean an average cost of about \$1.75 billion per year on the average, but it could all be spent in 2 years, which would cost about \$2.5 billion a year.

Mr. Speaker, it is my understanding a number of important amendments will be offered to this measure, and that these amendments will set up some new procedures to be followed under this bill for the first time, or followed under Public Law 480. They would also change some of the procedures that have been followed in the past. I believe these amendments are very worthy of consideration. May I express the hope the House will give full attention and consideration to the general debate on this bill under the rule, and also on the amendments that may be offered under the 5-minute rule. It is an open rule, as the gentleman from Missouri [Mr. BOLLING] explained.

Mr. Speaker, I have no requests for time, and I yield back the balance of my time.

Mr. BOLLING. Mr. Speaker, I move the previous question.

The previous question was ordered.

The resolution was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 12298, with Mr. HARRIS in the chair.

The Clerk read the title of the bill. By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from North Carolina [Mr. COOLEY], will be recognized for 1 hour, and the gentleman from Iowa [Mr. HOEVEN] will be recognized for 1 hour.

The Chair recognizes the gentleman from North Carolina [Mr. COOLEY].

Mr. COOLEY. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I am certain that Members will recall that we had quite a debate on the matter now pending before us just a few days ago when we attempted to pass the bill under suspension of the rules. I think I can safely say that this program has operated successfully and well through the years and has been remarkably free from criticism.

Under the program we have disposed of more than \$11 billion worth of surplus agricultural commodities. I am certain the Members of the House are entirely familiar with the program as it has operated. We have given the Secretary of Agriculture just about every possible authority that could be conceived. He has the right to sell these commodities for dollars. He has the right to sell them for foreign currencies. He has the right to barter the commodities for strategic and

other materials needed in our own economy. He has the right to sell the commodities on credit, long-term and low interest rate credit; and even to give the commodities away wherever need can be shown anywhere in this world. X

We have embarked upon this very magnanimous program and through the program have relieved suffering in many nations on the earth. We have shared our food and our fiber with less fortunate people. Some people regard this abundance which we have harvested from our fields through the years as some sort of a curse. I think it has been a blessing and a blessing it will be in years to come.

Because we have been so gracious and kind in dealing with less fortunate people I think we have made friendships around the world. We have impressed people even beyond the Iron Curtain with the generosity of our Nation and with our interest in the institutions of freedom.

We are living today in a divided world and we are living in a dangerous world. We are living in a hungry world.

I do not think anyone would vote against this bill merely because he was unwilling to share this abundant food supply that we have with starving people in other parts of the earth. I do not know of any real opposition to this bill. I hope it will pass and become a law and that the program will continue.

Mr. Chairman, the Committee on Agriculture has thoroughly studied the matter before us; it has worked diligently, and produced a good bill—a bill which has the full backing of the administration.

I am especially hopeful that the House will reject any hasty and damaging amendments.

Our agricultural abundance is a great American asset. It is not only a source of national strength but also one of the most effective instruments of our foreign policy. We should not weaken the program in any way, or burden it with unnecessary and damaging restrictions.

I am convinced that several proposals, particularly some adopted by the other body, would seriously restrict the effectiveness of the program.

Without question, Mr. Chairman, the most objectionable proposal heard would subject all grants under title I of Public Law 480 to the appropriations process, and dispense with the President's discretionary authority to make grants of local currency proceeds to strengthen U.S. interests throughout the world. For 10 years, Mr. Chairman, the President has had discretionary authority to make grants of Public Law 480 generated local currency for mutual defense purposes, without recourse to congressional appropriations. For 10 years, the President has had the authority to make grants of local currency for economic development purposes. And now there are some who would take away from President Johnson these same discretionary powers that were given to Presidents Eisenhower and Kennedy.

It is argued that by routing these grants through the Appropriations Committee, Congress would gain a greater

control over U.S. funds and eliminate what is regarded as back-door spending. The fact is, Mr. Chairman, there is not a dollar that moves under the Public Law 480 program that has not already been appropriated by Congress. We are dealing with funds that have been authorized and appropriated for the Commodity Credit Corporation. Not one single dollar flows out through Public Law 480 that has not had the appropriations process applied to it.

By vesting the Appropriations Committee with the power to determine the type of use of portions of Public Law 480 local currency funds, we would in effect create a double appropriations process. The measure would not impose greater efficiency on the program. On the contrary, this unprecedented proposal would withdraw effective control over the program from the administration. It would diminish the effectiveness of the program as a highly successful tool of our foreign policy.

Indeed, this measure could well exert a crippling influence on the program. The foremost example of such a possibility lies in the use of Public Law 480 generated funds for grants for mutual defense purposes. This authority to make grants for military and counter-insurgency programs has proved to be indispensable in Vietnam, Korea, and Taiwan. Any provision requiring appropriation of grants of local currency for mutual defense purposes would seriously inhibit the President's capacity to aid our allies on these active fronts of the cold war.

Would we, for example, willingly impose any requirement which in effect tied the hands of the President in his effort to promote U.S. interests in Vietnam? For in South Vietnam, 90 percent of local currency generated under title I, Public Law 480 sales is granted to support the Vietnam war effort. These funds provide nearly 20 percent of U.S. support of the Vietnam military budget. Any requirement demanding appropriation of these funds would inject the dangerous elements of uncertainty and delay in a struggle where the United States can ill afford diminished efforts.

In Korea, U.S. grants of local currency provide a preponderant portion of the total Korean military budget. These funds would be of little use if they were subject to the delays and uncertainties awaiting any appropriations measure.

The proposal to subject grants of local currency to the appropriations process would not only impair the flexibility required by the President in carrying out his foreign policy, it would further inhibit the effective use of local currencies to hasten economic development in countries like India, where the United States has accumulated vast sums of local Indian currency. At present, U.S.-owned rupees available for U.S. uses in India total nearly \$400 million. If grants of these funds should become subject to congressional control through the appropriations process, and grant use restricted, we can reasonably expect these funds to grow to ever increasing levels of unproductive and idle accumulations.

One other point concerning this proposal should be made perfectly clear: It would result in reduced Public Law 480 sales, and contribute to increased U.S. farm surpluses. As we all know, this program is vital to the health of our Nation's agriculture. To cite just one example of the enormous impact of this program on our domestic economy, in fiscal year 1964, wheat shipments abroad under Public Law 480 accounted for 43 out of 100 bushels of wheat harvested by U.S. farmers the preceding year. I, for one, would not wish to support any proposal which would harm so seriously our Nation's agricultural efforts.

In short, Mr. Chairman, I strongly urge the House to reject any measure subjecting the granting of local Public Law 480 funds to the appropriations process. On close analysis, this provision would not provide the intended benefits, but would, in various ways, cramp and diminish the effectiveness of the entire program, both at home and abroad.

I further hope that Congress will reject other measures and restrictions not provided for in the bill reported out by the Committee on Agriculture. None that I have examined withstand scrutiny.

Mr. Chairman, because the committee has reported a good bill, a bill which has the full backing of the administration—and because proposals to amend the bill would wreak serious damage to the success and effectiveness of this program, I wholeheartedly urge Members of this House to support it intact. This is no time to weaken such a valuable program.

Mr. HOEVEN. Mr. Chairman, I yield myself 5 minutes.

(Mr. HOEVEN asked and was given permission to revise and extend his remarks.)

Mr. HOEVEN. Mr. Chairman, H.R. 12298 is a bill which extends and amends Public Law 480 of the 83d Congress. I support the extension of this important program because it is of vital significance to American agriculture.

I have supported Public Law 480 since its enactment in 1954 and its designation by President Eisenhower as the food-for-peace program in 1959. Throughout the years this program has grown, and since 1954 approximately \$20 billion worth of surplus farm commodities have been committed for delivery overseas under the program.

The Committee on Agriculture now presents a bill which extends both title I and title II of the act for 3 more years, through December 31, 1967.

Under title I a total of \$4 billion worth of new money is authorized and together with the carryover of unused obligations and CCC repayments, a total of \$5.5 billion is made available for title I soft currency sales during the next 3 years.

Under title II an annual expenditure rate of \$450 million per year is authorized by the bill. This would make over \$1.3 billion available for government-to-government food donations during the next 3 years under this title.

There are a number of provisions in this bill which are very constructive and will be beneficial as this program continues.

The first is a provision to allow foreign currencies to be used for internal security operations in friendly countries. This amendment will be particularly helpful, we hope, in the protection of the people of South Vietnam. As we all know, the Vietcong Communists now terrorize and murder those people in the native population who oppose them. The amendment in this bill will make foreign currencies available not only to the Vietnamese Army directly, but also to its internal police force to more effectively and efficiently protect the South Vietnamese population through the strategic hamlet program.

The bill also removes the limitation on loans to American businessmen overseas. I realize that some criticism has been levied against the administration of this program by the Department of Agriculture. I would point out that section 104(e) of Public Law 480 specifically bans the use of foreign currencies for the establishment of agricultural industries which would compete with American farmers. There is nothing wrong with the law itself. The committee has removed the 25-percent limitation in the present law in order to stimulate the further use of foreign currencies for loans to American business firms overseas, and in no way is it intended that these loans be made to firms which would process and promote foreign agricultural products for shipment to the United States.

Another provision in the bill is designed to encourage the maximum use of title I foreign currencies for meeting our U.S. Government obligations overseas. Under present law, at least 10 percent of the foreign currencies generated under title I might be earmarked for these U.S. uses. The committee bill would amend this provision of law to require that no less than 20 percent of these foreign currencies be used for U.S. uses.

The bill also contains a provision designed to encourage maximum beneficial exchange rates for the United States in negotiation of title I agreements. Under these title I foreign currency sales, the exchange rates at which foreign countries agree to purchase our surplus farm commodities is often unrealistic and less favorable than exchange rates given to other countries. The committee bill would amend section 101(f) in an effort to get the best possible bargain for the United States in these exchange rates in future negotiations.

While the bill has received generous support of the Committee on Agriculture, I realize that further improvements and modifications of this program can be made, and amendments will be offered. I hope that each of them will be examined in the context of making this valuable program more effective and beneficial to U.S. farmers and taxpayers.

Mr. COOLEY. Mr. Chairman, I yield 8 minutes to the gentleman from Florida [Mr. MATTHEWS].

(Mr. MATTHEWS asked and was given permission to revise and extend his remarks.)

Mr. MATTHEWS. Mr. Chairman, I rise in support of H.R. 12298, the bill which provides for the extension of Public Law 480.

Mr. Chairman, I wish to take this opportunity to pay tribute first of all to several members of our Committee on Agriculture who are retiring this year.

Mr. Chairman, we have just heard the distinguished gentleman, the ranking minority member of our Committee on Agriculture, the gentleman from Iowa, the Honorable CHARLES HOEVEN, who because of his own desires is retiring this year.

I know, Mr. Chairman, I speak for myself and for all the members of our committee when I express our regrets because this distinguished American is leaving us. I know that I extend on behalf of all of the majority members on our committee our best wishes for him in the future in whatever activity he undertakes.

He will be sorely missed, and we are grateful for his contributions.

Mr. Chairman, I particularly regret it is necessary for another distinguished member of the minority to leave us this year. Again it is because of his own choice. I refer to the gentleman from Maine [Mr. McINTIRE] who has served faithfully and effectively on this subcommittee, and who, along with the members of the subcommittee, has spent many hours in trying to check thoroughly all of the facets of this Public Law 480. I know that again I speak for the majority members of our committee when I say this great man will be missed by those of us who have served with him on the Committee on Agriculture for so many years.

As I recall, Mr. Chairman, from our side of the aisle we have the distinguished gentleman from Wisconsin who is leaving us. Since this is one of the last bills the Committee on Agriculture will report and have a chance to debate, I think it appropriate at this time to pay tribute to the gentleman from Wisconsin [Mr. JOHNSON]. Although he is not a member of this particular subcommittee he has been a valued member of the Committee on Agriculture for a number of years. We shall miss him greatly, and I wish for him success in whatever activity he undertakes in the future.

Mr. Chairman, the distinguished gentleman from Iowa has given an excellent explanation of some of the provisions that are contemplated in this bill. I commend to each of you the committee report that I think is cogent, and which points out in practical and complete detail the changes that are contemplated.

I should like particularly to call your attention to an amendment I presented to the committee, and I am honored that the committee decided to incorporate the amendment in the provisions of this bill.

This amendment I introduced is explained on page 35 under section (9). It would merely authorize the use of currencies acquired under title I sales programs in support of titles II and III food-for-work programs, for use in work projects. It will enable recipients of food in foreign nations to work for food rather than to get food as a handout. If I had my way, Mr. Chairman, I would make it possible for every person in America who is getting free food to have the opportunity for a job. I believe the overwhelming majority of the people

throughout the world would rather work for their food than get it for nothing.

This particular amendment, which is incorporated in the bill, envisions the expenditure of not more than \$10 million a year, possibly \$5 to \$10 million a year, and it will enable us to make available work. It will make available perhaps some construction materials. May I point out it will be carefully checked by our AID people to see that every program is doing the job it is supposed to do. We have provisions in here so it will not be used for religious or sectarian buildings so that there would not be any criticism of the program from that standpoint.

Mr. Chairman, in closing, I would like to point out that in my opinion in Public Law 480 we have a bill which represents the enlightened self-interest of the United States by enabling us to get rid of our agricultural surplus. It provides millions of people in America with work. The Library of Congress informed me that 40 percent of the labor force in America is dependent upon agriculture for their livelihood. If that might seem an unusually high figure because of the decreasing farm population, may I say we are talking about the millions of people in America who transport the food, who process the food, who sell the food, and who produce the raw supplies that the farmers need.

This bill is good because it keeps people in America working.

There is a provision in this bill which requires a certain percentage of American goods to be transported in American bottoms. This bill is good because it helps our great American merchant marine.

This bill is good because it helps friendly people and gives nations throughout the world an opportunity to become part of the free enterprise system.

American citizens because of the Judeo-Christian tradition which we hold believe in helping other friendly people to help themselves.

We must, of course, constantly keep reviewing this law. We have earnestly tried to review every facet to see how this bill could be strengthened to serve more efficiently the best interests of our beloved country. So I commend this bill to you, and I sincerely hope that it wins the overwhelming approval of the Members of the House.

Mr. HOEVEN. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. FINDLEY].

(Mr. FINDLEY asked and was given permission to revise and extend his remarks.)

Mr. FINDLEY. Mr. Chairman, I wish to join my colleague from Florida in paying tribute to the senior Republican on the Committee on Agriculture, the gentleman from Iowa [Mr. HOEVEN], who is retiring from Congress this year. Quite possibly this will be the last major legislation he will handle on the House floor.

It is an especially sad occasion for me because of the fatherly interest which he took in me when I was a freshman Congressman 4 years ago, helping me get acquainted and aiding in my work here. Someone once observed that CHARLEY HOEVEN is a fine Christian gen-

tleman. I believe that describes just right his character and bespeaks his long and great service to the United States.

The bill before us, H.R. 12298, the proposal to extend Public Law 480, of course will pass. A bill in some form extending Public Law 480 should pass, but we ought to realize the direction we are taking. This is a part of a massive feeding program. We should realize the worldwide character of this feeding program. Everyone, I am sure, wants to help feed the hungry to the greatest extent possible. I am sure also that we have the responsibility to keep this under control, within bounds, and properly directed if we possible can do so.

Under the Public Law 480 agreements we actually donate a lot of food and U.S.-owned foreign currency but we conceal that fact by calling the transactions sales. The people fooled by this strange business are not only the American taxpayers who read about the sales and think they are commercial transactions, but the people in those countries where the food arrives and where it is sold in domestic channels—they do not know the food is theirs through the generosity of the American people.

The size and character of this program rivals that of the regular foreign aid program. Public Law 480 is essentially a foreign aid program. The committee report which accompanies this bill lists 49 countries that have benefited under title I agreements in 1964. The chart listing the countries that have received title II donations since 1954 when the program began includes 70 countries. Last year 112 countries benefited from title III donations. This includes friend and foe alike.

The bill before us would authorize \$6.8 billion for a 3-year period which averages nearly \$2.3 billion a year. This is nearly the level of spending for the regular foreign aid program. And under present law the appropriation process is almost entirely bypassed. For that reason amendments will be offered during the consideration of this bill which would bring this program under annual scrutiny by the Congress through the appropriation process.

The first amendment which will be offered would require congressional appropriation before any grants of U.S.-owned foreign currencies could be made under title I.

The language that I have in mind for this amendment is precisely the same language which the other body adopted in its bill to extend Public Law 480.

In another effort to bring this under better congressional control, a second amendment will be offered which would establish this as a 2-year extension of titles I and II and would also set the level of authorization at the same level as approved by the other body, and the dollar figures balance out pretty much the same as in the House.

The authorization under this amendment to title I would be \$2.7 billion plus a carryover for the 2-year period. The authorization for title II would be at an annual level of \$375 million for each of the 2 years.

Someone may suggest that this would unduly hamper or even wreck the administration of the title I program. Actually, it would do nothing of the kind. It would simply enable the Congress to have a closer look at regular intervals at what is going on. The Committee on Appropriations could still earmark funds for grants both in soft currencies and in hard currencies.

It would wreck the program only to the degree that Congress might choose to alter it, and it would have the great virtue of bringing the program under more careful and regular scrutiny.

It might also be suggested that this would eliminate the commission which would look into new uses for these U.S. currencies piled up abroad. But even though this new commission is not created, every one of us as Members of this body has a responsibility to advise and consult with the executive and offer suggestions on how to better utilize these U.S. currencies, and certainly a heavy burden falls upon the executive to find proper uses for these currencies. Indeed, I am sure the President on his own initiative could establish an advisory committee to study this problem.

I direct your attention to page 28 of the Senate report, Calendar No. 1402, to the section relating to congressional control over grants and loan payments. In that section are these words:

Congressional control over grants and loan payments: Paragraph (8) amends section 104 of the act to require congressional appropriation authority to make outright grants of U.S.-owned foreign currencies which have been generated by title I sales of U.S. agricultural commodities and also to require appropriation authority for the use of foreign currencies derived from payment of interest or repayments of principal on loans made under this section.

From the inception of the act through December 31, 1963, approximately the equivalent of \$2.5 billion or 25.7 percent of the total foreign currency proceeds from title I sales have been granted away, all without congressional appropriation sanction.

The purpose of this amendment is to provide the same degree of control over grants of U.S.-owned foreign currencies as is provided in the regular foreign assistance legislation over dollar grants; also to coordinate all foreign assistance grants and to assure that grants of foreign currencies are used in place of dollar grants rather than being supplementary thereto. Further the making of such grants subject to congressional appropriation control will not only require that such grants be justified before a congressional committee but will also have the effect of reimbursing the Department of Agriculture in part for the cost of the commodities, the sale of which generated the currencies in question.

The requirement that foreign currencies derived from interest payments or repayments of principal on Public Law 480 loans be subject to congressional appropriation control, likewise, places the same requirement on such foreign currencies as are placed on dollar appropriations in the regular foreign assistance legislation. Once the interest or loan repayment is made the currencies no longer are restricted by the provisions of the original sale agreements and accordingly should be treated as any other U.S.-owned currency.

All this explains the amendment adopted by the other body and I hope

those of you who are seriously interested in improving this bill will read page 28 of the Senate committee report accompanying their version of this legislation.

I should also like to call the attention of this body to the degree to which the taxpayers of the United States have benefited Communist governments under this program.

On page 12 of the House committee report, at the bottom of the page, is a table showing the uses of foreign currencies as provided in title I. Members will note that the Communist Government of Poland is listed, as well as that of Yugoslavia.

Of the total dollar value of the title I agreements with Yugoslavia—\$637,753,000—\$140,613,000, believe it or not, has been granted for economic development to the Communist Government of Yugoslavia. We have provided more than \$140 million for the economic development of a Communist government.

In the next to last column of that table Members will note that most of the proceeds of the agreements—\$391,177,000—has been loaned to foreign governments. This means loans of these currencies to the Yugoslav Communist Government. So, except for \$105,335,000, which found some U.S. use, the balance of \$637,753,000 made available to the Communist Government of Yugoslavia, amounted to foreign aid pure and simple.

When we look at the information about Poland, we find that more than a half billion dollars worth of title I agreements have been consummated, and almost all of that amount was set aside for U.S. uses.

This might sound good, but if Members will look on page 32 of the same report, they will see that in Poland we now have excess currency amounting to almost a half billion dollars. These funds have not been utilized because of the tight rules in the original agreements. Believe me when I say it will be awfully tough to find a proper and appropriate additional U.S. uses for local currency in Poland. Under present circumstances virtually every bit of the half billion dollars amounts to a donation, an aid to the Communist government of Poland.

It is high time we act to bring this program under a more careful scrutiny, so that we will at least avert the folly of providing loans for the economic development of Communist countries.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. I am glad to yield to the gentleman from Iowa.

Mr. GROSS. Has anyone, to the gentleman's knowledge, ever found the thousands of tons of wheat which apparently disappeared in transit to Austria?

Mr. FINDLEY. I fear that remains a major mystery. I have no answer for it. So far as I know, no official report has provided the answer.

Mr. GROSS. Thousands of tons also disappeared presumably on the way to Vietnam. There were other countries as to which shipments in large quantities just simply disappeared.

Does the gentleman agree that the Secretary of Agriculture, Orville Free-

man, could take a little time off from campaigning over the country to look into this and tell us where the wheat and grain went?

Mr. FINDLEY. It would probably be unreasonable to expect any such set aside of politics.

Mr. GROSS. In an election year.

Mr. FINDLEY. I will be glad to yield to anybody who will shed light on what happened to the wheat.

Mr. GROSS. Of course, if Ezra Benson was now the Secretary of Agriculture the roof would have caved in long ago for failure to act.

Mr. FINDLEY. I might say further the Secretary of Agriculture, Mr. Freeman, did find a use for some of the U.S.-owned local currencies in Yugoslavia last year or perhaps earlier this year. He turned over to the Yugoslav Government \$50 million worth for rebuilding of Skopje.

Mr. COOLEY. Mr. Chairman, I yield 3 minutes to the gentleman from Texas [Mr. POAGE].

Mr. POAGE. Mr. Chairman, I thought it might be worthwhile to lay at rest this talk about the Austrian grain deal. That was not one of the trades authorized by this bill. That transaction was a barter deal. The United States Government did receive the full consideration which it was entitled to receive as a result of the shipment of the feed grains. It was not wheat as the gentleman has suggested. It was feed grain. The grain was delivered to the Austrian official or the agencies representing that Government. We got paid in full when it was delivered. The Austrian dealers, it is perfectly true, did work a fraud on their own Government through the use of some false certificates, and they have been convicted. I understand they are in the penitentiary now as a result of their transaction. But this was a deal that did not involve a dime's loss to the U.S. Government and did not involve anything covered in this bill.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield to the gentleman from Iowa.

Mr. GROSS. What about the wheat and feed grains shipped to Vietnam? Will the gentleman tell us about that?

Mr. POAGE. Will the gentleman next ask us about the wheat and the feed grains that went to the moon? The gentleman was talking about the Austrian deal. The gentleman tried to suggest there was something in the Austrian deal which related to this particular bill. There was not a thing in the world relating to this bill in the Austrian deal and there was not a dollar's loss to the United States. Now if the gentleman wants to ask me about where something went to in New Guinea, he can, and it will probably have just as much relevancy as this Austrian grain has with Public Law 480.

Mr. GROSS. I do not recall that I even mentioned Public Law 480 when I asked the question.

Mr. POAGE. No, but we are talking about that law.

Mr. GROSS. You are.

Mr. POAGE. The plain implication is you tried to discredit Public Law 480 by referring to a transaction which you now admit had no relation to Public Law 480 whatsoever.

Now, as to what happened in Vietnam; there are a lot of things happening there, some of which I know about and some of which I do not, and I have not the slightest idea of what transaction the gentleman is talking about.

Mr. GROSS. I am sure you would not.

Mr. COOLEY. Mr. Chairman, I yield 10 minutes to the gentleman from Mississippi [Mr. WHITTEN].

(Mr. WHITTEN asked and was given permission to revise and extend his remarks.)

Mr. WHITTEN. Mr. Chairman, I certainly do appreciate the hard work and the attention that our colleagues have given to the overall agricultural problem, including Public Law 480.

I have frequently felt that under the influence of two world wars we got out agricultural and other production built up to the point where we have not had ready foreign markets for dollars, and as a result of that fact we have had a greatly increased agricultural domestic surplus. Under the existing foreign policy, this extra food and extra production of our farms has played an instrumental and a great part.

There are a number of things I have seen in the operation of this law, though, which make me believe its administration certainly needs to be tightened up. I sincerely believe we are in a vicious circle, using our surpluses to increase production abroad and then letting that production come back here so as to make more surpluses, so that we can sell them for foreign currencies so they can be put into more foreign production, and so that such production can come back here so it can further increase our surpluses here, and so on ad infinitum. It is a vicious and destructive cycle.

Our appropriations subcommittee has had an investigation of this matter underway for some time. I am sorry it is not complete but I assure you it will be. You will see in the RECORD of August 17 of this year, on pages 19321 and subsequent pages, a breakdown of what we have found out:

May I read you just a little of what our Appropriations Committee investigators have already reported with regard to our "foreign competition" by American companies abroad, including American grants, loans and foreign currencies, as would be permitted by this bill.

"U.S. INTERESTS IN FOREIGN AGRICULTURAL PRODUCTION"

"A. ARGENTINA"

"The principal U.S. firms engaged in the livestock and meat industry in Argentina are International Packers Limited (IPL), Chicago, Ill., and the King Ranch of Kingsville, Tex. IPL subsidiaries in Argentina are Swift, Armour, La Blanca, and Provita; IPL also has an interest in 3 ranching operations containing approximately 766,000 acres and 108,000 cattle. IPL has received a \$5 million loan from the Export-Import Bank and has investment guaranties from AID of \$12,990,000 convertibility and \$12,300,000 for expropriation. King Ranch owns and operates 4 ranches totaling some 118,600 acres with about 30,000 cattle and 16,000 sheep.

"B. AUSTRALIA"

"Cotton"

"The Wee Wa district of New South Wales is the site of a rapidly expanding irrigated cotton growing area which has been financed largely by American capital supplied by cotton interests in California and Arizona. A report by the agricultural Attaché in Australia states that the increased production of cotton in this area will undoubtedly have an adverse effect on U.S. exports of raw cotton to Australia, and could reduce such exports by 28,000 to 35,000 bales annually.

"Red meats"

"U.S. interests in Australia are: Esperance Land and Development Co., Western Australia (owned by Chase International Investment Corp. of New York City, American Factors Associates, Ltd., of Honolulu, Hawaii, J. H. Whitney and Co. of New York City, and Elders-G.M. Co., Ltd.) has an option on 1,450,000 acres and currently has about 8,500 sheep and 1,000 cattle. Intercontinental Meat Traders, Inc., Limited, Brisbane, is a subsidiary of Intercontinental Meat Traders, Inc., Chicago, Ill. IPL affiliated companies in Australia are Swift Australian Co., Ltd., Brisbane; Mayfair Hams, Ltd., Sydney; and Armour & Co., Ltd., Sydney. International Portion Foods, Ltd., Brisbane, is a branch of Henderson's Portion Pak, Inc., Coral Gables, Fla. King Ranch Australia, Ltd., associate of the King Ranch in Texas, operates a number of large ranches over 1.7 million acres in Northern Territory, Queensland, and New South Wales. Mr. Art Linkletter owns 22,000 acres at Esperance on which he is raising sheep and cattle, and he recently purchased, in partnership with Mr. Allen T. Chase, a 650,000-acre cattle station in Northern Territory. The Peterborough Meat Export Co., Ltd., Peterborough, South Australia, is operated by Mr. Joseph Popp, a U.S. citizen connected with two packing companies in Detroit, Mich. Swift Australian and King Ranch formed a company in 1962 which purchased for approximately \$4.5 million over 8,000 square miles of land in Queensland and Northern Territory. Wilson Meats Ltd., Brisbane, is a wholly owned subsidiary of Wilson and Co., Inc., Chicago.

"C. COLOMBIA"

"Purina Limitada, Cartagena, Colombia, wholly owned subsidiary of Ralston Purina Co., St. Louis, Mo., received a 'Cooley' loan of 800,000 Colombia pesos (approximately \$80,000) in 1959 from the Export-Import Bank for the purpose of financing facilities for the production of animal feeds.

"D. HONDURAS"

"The major U.S. interest in the meat trade of Honduras is through International Foods Corp., S.A., a wholly owned subsidiary of Albert Foods, Inc., Chicago, of which L. K. Alberti, Jr., a U.S. citizen, is president. Associated with Mr. Alberti in his Honduran interests is Adam Smith, also a U.S. citizen, who is president of Sanda Corp., Miami, Fla. International Foods owns ASTCO, a Honduran transport and warehousing company with a 700,000-pound capacity freezer in Puerto Cortes, and has financial interests in three Honduran packing plants which export boneless beef.

"Ganadera Industrial Hondurena, S.A., Tegucigalpa, exports commercial grade boneless beef. Mr. William Montiel, a U.S. citizen, own 25 percent of the stock of the company. Mr. Montiel also has a financial interest in one of the packing plants in which International Foods has an interest, and in a slaughterhouse in Nicaragua. Ganadera Industrial and the other plant in which International Foods and Mr. Montiel have an interest have contracts to sell boneless beef to Gurrentz International Corp., Miami, Fla., and Pittsburgh, Pa.

"Matadero de Puerto Arturo is part of the livestock division of the Tela Railroad Co., a wholly owned subsidiary of United Fruit Co., Boston. The livestock division has about 21,000 cattle, and the slaughterhouse produces boneless beef for export and local sales.

"Another boneless beef exporting company, Empacadora del Norte, S.A., Puerto Castilla, is not yet in operation. Its principal officers are Temis Ramirez de Arellano and Ruben Santiago, both United States (Puerto Rico) nationals.

"E. MEXICO"

"Ralston Purina de Mexico, S.A., de C.V., a wholly owned subsidiary of Ralston Purina Co., St. Louis, received a 'Cooley' loan of 10 million Mexican pesos (approximately \$800,000) in December 1958 from the Export-Import Bank for the purpose of financing facilities for the cultivation, manufacture, storage, and sale of animal feed and the construction of a sesame solvent plant. The Export-Import Bank had rejected the loan application in April 1950.

"The American Embassy in Mexico had advised the Export-Import Bank that any development of the animal feed business in Mexico would compete with U.S. exports. However, imports of U.S. animal feed are bound to be replaced by domestic production in the future, and it would be desirable to aid American enterprise to expand production in Mexico rather than leave the field open for others.

"USDA had advised the Export-Import Bank in April 1950 that the resulting increased production of feeds in Mexico would compete directly with mixed animal feeds then being exported from the United States to Mexico sufficiently to preclude approval of the application. In October 1958 USDA advised the Export-Import Bank that it had given further study to the competition involved and had concluded that it did not preclude favorable consideration of the application. USDA officials stated that they had concluded that feed grain exports from the United States could be expected to increase with expanded mixing facilities. Data furnished to the staff by USDA indicate that Mexican imports did not increase with expanded mixing facilities; average annual imports of corn for 1955-59 totaled 346,454 metric tons, whereas imports were 240,400 tons in 1958; 29,600 tons in 1959; 52,845 tons in 1960; and 42,551 tons in 1961.

"Industrial Pecuaría, S.A., a Mexican firm owned 50 percent by Archer-Daniels-Midland Co., of Minneapolis, Minn., and 50 percent by Mexican investors, received a "Cooley" loan of 10 million Mexican pesos (approximately \$800,000) from the Export-Import Bank in February 1959 for the purpose of financing facilities for the production and storage of animal feeds. In April 1958 the Export-Import Bank had rejected the application; the American Embassy in Mexico had made a recommendation similar to that made in the Ralston Purina case, and USDA recommended against the loan. However, as in the Ralston Purina case, USDA reversed its prior recommendation in October 1958.

Textiles Morelos, S.A., owned not less than 50 percent by Burlington Industries, Inc., Greensboro, N.C., received a "Cooley" loan in February 1959 of 3,233,362 Mexican pesos (approximately \$258,000) to be used to acquire textile production facilities.

"F. NEW ZEALAND"

"IPL has a wholly owned subsidiary, Swift New Zealand Co., Ltd., Wellington, which dates back to the early 1930's when first an export agency and then a slaughter plant were acquired. Swift slaughter presently accounts for between 7 and 8 percent of all New Zealand lamb and mutton slaughters and approximately 8 percent of all cattle slaughter. Swift operates an experimental demonstration-type farm on leased property

and is attempting to lease additional acreage for stockholding purposes to stabilize slaughter operations.

"G. PARAGUAY

"The principal U.S. firm engaged in the livestock and meat industry in Paraguay is International Products Corp.; canned corned beef is its major meat export.

"International Products Corp. received a loan not to exceed \$2.6 million in 1958 from the Development Loan Fund for modernization and expansion. In 1960 the company was in financial difficulties and AID postponed payments due under the development loan. The corporation also entered into a credit agreement with private investors in December 1961, and in January 1962 AID agreed to subordinate its loan to the loan of the private investors. In January 1962 AID entered into guarantee agreements under which the private investors were protected against the risks of convertibility, expropriation, and confiscation.

"In March 1963 International Products Corp. made application for a 'Cooley' loan for a sum equivalent to \$450,000 for improving its cattle and pasture operations; this application is now being considered by AID.

"Pan Western Enterprises, Inc., with a U.S. address at New Orleans, La., purchased 246,670 acres of land on the Upper Paraguay River in January 1962, and began operating a large cattle ranch in 1963. Pan Western Enterprises applied in October 1962 for a 'Cooley' loan for a sum equivalent to \$821,400 to help meet the costs of a beef cattle production operation in the Chaco of Paraguay. AID approved the application in March 1963 subject to approval by Paraguay and the U.S. country team there. The country team registered strong objections. The objections of the country team were overruled and the loan was approved in April 1963.

"(6) MEXICO

"Mexico, an important producer of good quality staple, produced 2,425,000 bales of cotton in 1962, 19 percent more than the annual average production for 1955-59. Preliminary indications were for a considerably smaller crop in 1963 of about 2 million bales. Approximately three-fourths of the total crop entered world trade; exports of 1,897,000 bales in 1962 were 21 percent higher than the annual average exports of 1955-59. Sales were large to France, West Germany, Italy, and especially to Japan which took, in 1962, 775,000 bales, or 25 percent of the cotton imported by that country, against only 29 percent of the total from the United States.

"Mexico not only supplies a very substantial number of live cattle to the United States, but, additionally, produced in 1958-62 an annual average of 938 million pounds of beef and veal, 18 percent more than the average annual production of 1953-57. Preliminary data indicate a further increase in 1963 to a level 19 percent higher than the 1958-62 average. Pork production also increased by about 11 percent between the two 5-year periods and in 1963 was about 12 percent higher than average for the preceding 5 years. Mutton and lamb production in 1958-62 was 8 percent higher than in 1953-57. Beef and veal exports, largely to the United States, averaged 79 million pounds in 1958-62, 155 percent higher than in the preceding 5 years. Exports to the United States during the 5-year period 1958-62 averaged about 78 million pounds, up 370 percent as compared with the preceding 5 years. Preliminary data for 1963 indicate U.S. imports from that source of 103 million pounds, mostly of boneless beef, 33 percent more than average for the preceding 5 years.

"[Amounts in thousands]

Type of aid and purpose:	
AID dollar loans: supervised agricultural credit.....	\$20,000
AID dollar grants:	
Completed projects: National University School of Veterinary.....	144
Social Progress Trust Fund: National Financiera, S.A., for improved use of farmlands.....	4,000
Food for peace (foreign currency):	
Title I, sec. 104(e) 'Cooley' loans:	
International Harvester Co. of Mexico, S.A., for farm implements and truck parts facilities.....	129
John Deere de Mexico, S.A., for agricultural tractors and implement facilities.....	400
Ralston Purina de Mexico, S.A., for animal feed and sesame solvent plant.....	801
Industrial Pecuaría, S.A., for animal feeds production facilities.....	801
Title I, sec. 104(e) grants:	
Modernization and construction of grain storage facilities.....	10,326
Project total.....	36,601
Undistributed activity costs..	269
Total.....	36,870

"On June 30, 1962, a loan agreement was executed whereby AID agreed to loan \$20 million to Nacional Financiera, S.A., an autonomous financial institution of the Government of Mexico.

"The loan provides for expanded short-, medium-, and long-term crop financing and farm improvement credit to small farmers, technical assistance, guidance, and control to insure that such credit results in needed improvements in agricultural resources and productivity, and such activities as may be required to provide the basis for granting of property titles to farmers prospectively eligible for such credit.

"About \$2 million has been loaned from this fund, as of March 1964, to some 775 farmers with the average loan approximately \$3,000.

"(7) PAKISTAN

"Cotton production in Pakistan in 1962 of 1,690,000 bales was 23 percent above the annual average for 1955-59. Preliminary data for 1963 indicate a larger crop of 1,725,000 bales. Exports in 1962 were 683,000 bales, 47 percent higher than the average for 1955-59. Japan in that year purchased 254,000 bales from Pakistan.

"[Amounts in thousands]

Type of aid and purpose:	
AID dollar loans:	
Land reclamation.....	\$15,200
Indus water supply.....	70,000
Mechanical equipment organization	1,500
Operation and maintenance of Rechna Doab project.....	750
Salinity control and reclamation	10,000
Coastal embankment project..	6,500
Karnafuli multipurpose dam..	20,250
AID dollar grants:	
Completed projects:	
Locust control.....	59
Soil and water conservation..	625
Soil mechanics hydraulic laboratory	163
Bolan Dam.....	75
Nakhi Dhand reclamation---	820

"[Amounts in thousands]

Type of aid and purpose—Continued	
AID dollar grants—Continued	
Completed projects—Continued	
Ground water explorations..	\$188
Taunsa barrage project.....	5,885
Water resources advisory----	134
Animal husbandry.....	18
Plant protection.....	752
Fertilizer distribution.....	10,565
Agricultural workshop.....	1,026

"EXCERPTS FROM INTERIM REPORT ON U.S. IMPORTS (MAY REPORT)

"1. Total U.S. imports were \$17.032 billion in 1963. \$4.012 billion of agricultural commodities included \$2.293 billion which competed with U.S. farm crops.

"2. Most recent tariff reductions for U.S. imports of meat, meat products, cattle, cotton, wheat, corn, barley, and oats were all made prior to 1955.

"3. There are 11 AID programs for loans, grants, and technical assistance to furnish agricultural assistance to foreign countries.

"ARGENTINA

"Aid agricultural programs have totaled over \$24 million for grain storage facilities and livestock improvements. Beef and veal production has increased with sales to United States 12 percent higher in 1958-62 than 1954-57. Cotton and corn exports also have increased substantially.

"BRAZIL

"Aid agricultural programs have totaled over \$34 million, including at least three projects to increase livestock production. Beef and veal production has increased with exports to United States up 470 percent in 1958-62 compared to 1954-57. Cotton exports have also increased sharply since 1960.

"MEXICO

"Aid agricultural assistance has been about \$37 million. Mexico is important cotton producer with three-fourths of crop entering world trade. Also imports large number of live cattle and beef and beef products into United States.

"PAKISTAN

"Aid agricultural assistance nearly \$279 million for irrigation, salinity control and land reclamation. Cotton exports in 1962 were 47 percent higher than 1955-59.

"INVESTMENT SURVEYS

"Since 1961 have spent \$848,000 for 17 Americans to go to Argentina, Brazil, Central America, Colombia, Ecuador, India, Pakistan, Turkey, North Borneo, Nigeria and Thailand. Fourteen additional applications under consideration which will cost \$196,300.

"INVESTMENT GUARANTEES

"Total of 778 political risk investment guarantees have been issued since 1948.

"TECHNICAL ASSISTANCE

"In 1963 there were 766 technicians employed overseas in food and agricultural fields. In 1963 about 400 foreigners received agricultural training in the United States under AID programs. In all, about 3,800 foreign nationals were trained in agriculture and home economics in 1963.

"U.S. INTERESTS IN FOREIGN AGRICULTURE PRODUCTION

"Argentina

"International Packers, Ltd. (IPL), Chicago, including subsidiaries: Swift, Armour, La Blanca, and Provita.

"King Ranch, Kingsville, Tex.

"Australia

"Chase International Investment Corp., New York City.

"American Factors Associates, Honolulu.

"J. H. Whitney & Co., New York City.

"Elders-G.M. Co., Ltd.
 "Intercontinental Meat Traders, Inc., Chicago.
 "International Packers, Ltd., Chicago.
 "King Ranch Australia, Ltd.
 "Art Linkletter and Allen T. Chase.
 "Colombia
 "Ralston Purina Co., St. Louis.
 "Honduras
 "Alberti Foods, Inc., Chicago.
 "Adam Smith, Miami.
 "William Montiel.
 "United Fruit Co., Boston.
 "Mexico
 "Ralston Purina, St. Louis.
 "Archer-Daniels-Midland Co., Minneapolis.
 "Burlington Industries, Inc., Greensboro, N.C.
 "New Zealand
 "International Packers, Ltd., Chicago.
 "Paraguay
 "Pan Western Enterprises, New Orleans."

We refer to use of these foreign currencies—and they are foreign to us, but in Mexico the peso is a local currency and in various other countries it is the local currency which is used. So when we permit the use of funds that have been developed by our giving to these foreign countries commodities for which the American taxpayer pays, we pay out cash under the support program; and when we take these commodities and sell them for foreign currencies, for all practical purposes, we are giving them away. But we do develop or cause to be made available these foreign currencies in those countries. What we have been doing under this program in its overall is permitting in many instances those same currencies that came from our sale of surpluses to increase production of the very same commodity, which, in turn, is imported back into this country to create more surpluses.

I am aware that the law says you cannot finance the production of agricultural commodities in surplus supply. But what have we done here? Take Mexico, for instance. We went down to Mexico. We made a loan to Mexico, in Mexican money, to set up a distribution center for American agricultural machinery—John Deere and International Harvester. Having available, American agricultural machinery has contributed greatly to increases in the production of cotton which, in turn, you either get back into this country or it takes our foreign market which makes us have more surplus cotton, which we sell for foreign currencies, and we put those currencies into those related activities which increase our competitive problems abroad and which make more surpluses here. Surplus produces surplus, and we pay the cost in American dollars.

It is true so far as I know, that under this law, we have not made any loans for the purpose of putting people in the cattle business. But what we have done is this. We have made loans to build elevators and to do other things to increase the feed in Mexico, for instance, and the imports of cattle from Mexico have increased 370 percent.

Mr. Chairman, what I am saying is that while this law is essential, it is being used to create a situation which the law was intended to prevent, or to help us overcome, situations in which, in trying to get rid of surpluses, we are increasing our competition abroad and thereby generating more surpluses.

Mr. HORAN. Mr. Chairman, will the gentleman yield?

Mr. WHITTEN. I yield to the gentleman from Washington.

Mr. HORAN. Mr. Chairman, I think the point the gentleman is making now makes it all the more important that Congress have a review of these activities while they are going on and not merely when we sign the check to pay for them.

Mr. WHITTEN. Mr. Chairman, I certainly agree with the gentleman. May I say that I am glad to see in this bill that there is provision for an advisory committee which will be composed of distinguished Members of Congress, as well as the Director of the Bureau of the Budget.

The point I make is that in my opinion the intent of the law is not being carried out when they do those things that are either directly or indirectly related to increased foreign production, which is competitive with our production and which helps to increase our surpluses.

Mr. Chairman, just to go over this briefly, in our report which I shall see is included in the RECORD, we show that we have expended quite a bit of money through another program, let us say in Paraguay. In Paraguay the International Products Corp. received a loan of not to exceed \$2.6 million from the development loan fund. That item is not in this bill. But in addition, they have made application for \$450,000 to help with increased meat production. Everybody knows that our competitive situation in Paraguay, in that area, has been very strong back through the years.

In several other instances—in Mexico, for instance, we have the Ralston Purina de Mexico. These are American financial interests who have taken advantage of this law. These are not Mexicans. These are American nationals who go down and take advantage of the fact that they get half their expenses paid under another law, under another loan program, to see if they want to go in business.

Then, if they determine that they want to go in business, we will make certain allowances under a variety of laws.

This represents a situation of just adding insult to injury, when it is possible under law to generate foreign currencies because of our surpluses. In other words, we will lend them the money so as to increase their surplus. That has happened in the Mexican situation and in several of these countries.

Mr. Chairman, I do hope that in the event this bill passes the Committee on Agriculture will ride herd on it. I further feel that Congress should review every operation under Public Law 480 each and every year to see that it is used for the purposes intended, and not

to put us in a position of creating more surpluses.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. WHITTEN. I yield to the gentleman from Illinois.

Mr. FINDLEY. I want to compliment the gentleman from Mississippi on the comments which he has just made and to associate myself with them.

Mr. Chairman, I further express the hope that the gentleman or someone will make it possible for us to vote on changes in the legislation which will provide for a closer scrutiny of the operations of this program.

Mr. WHITTEN. I certainly shall give some attention toward trying to provide an amendment to see that this is done.

Mr. Chairman, I read further from our report here:

Ralston Purina de Mexico, S.A. de C.V., a wholly owned subsidiary of Ralston Purina Co., St. Louis, received a "Cooley" loan of 10 million Mexican pesos (approximately \$800,000) in December 1958 from the Export-Import Bank for the purpose of financing facilities for the cultivation, manufacture, storage, and sale of animal feed and the construction of a sesame solvent plant. The Export-Import Bank had rejected the loan application in April 1950.

The American Embassy in Mexico had advised the Export-Import Bank that any development of the animal feed business in Mexico would compete with U.S. exports. However, imports of U.S. animal feed are bound to be replaced by domestic production in the future, and it would be desirable to aid American enterprise to expand production in Mexico rather than leave the field open for others.

Then, Mr. Chairman, there is the case of the Industrial Pecuaria, S.A., a Mexican firm owned 50 percent by Archer-Daniels-Midland Co., of Minneapolis, Minn., and 50 percent by Mexican investors, which received a "Cooley" loan of 10 million Mexican pesos—approximately \$800,000—as a result of the operation of Public Law 480, for the purpose of financing facilities for the production and storage of animal feed.

Understand, these are American financial interests. They are borrowing money that we generated through exporting surpluses to bring about an increase in the production of feed. Feed goes into animals and the importation of meat. The importation of meat and animals from Mexico has increased 370 percent. Therefore, they come into this country through the increased imports.

Mr. Chairman, I am sure that we have not had the restrictions put into effect as authorized by law, but have been using section 32 funds with which to buy up meat and meat products in an effort to circumvent the law. I believe the way in which the law has been operating has defeated the very purpose for which it was created.

Mr. Chairman, I do hope to offer an amendment to correct this situation—and I hope the committee will look with favor upon it, because we should all recognize that with the level of production in this country at this time we must have some type of outlet or else greatly increase the price supports for the

American farmer on fewer units in an effort to keep him in business.

In view of our present foreign policy I believe this surplus food and agricultural products are probably the greatest thing we have had, but we should not use our surplus to increase imports, and generate greater surpluses we should not use our surplus in such ways to increase the production of feed abroad so they can send their cattle into this country and ruin our cattlemen, and likewise I do not feel that the same should be done with respect to cotton, for instance.

Mr. Chairman, I believe it is just as simple as that.

(Mr. SPRINGER (at the request of Mr. HOEVEN) was given permission to extend his remarks at this point in the RECORD.)

Mr. SPRINGER. Mr. Chairman, I am proud to have been a coauthor of Public Law 480 which was 10 years old in July of this year and which has served America well during those 10 years. The other coauthors of Public Law 480, the Agricultural Trade Development and Assistance Act of 1954—better known now as the "food for peace program"—were Congressmen Robert Harrison, of Nebraska; Walter Judd, of Minnesota; and W. R. Poage and Omar Burleson, of Texas. Regrettably, Congressmen Harrison and Judd have passed from the congressional scene, leaving just three of us, as coauthors, to watch the progress of this exceedingly worthwhile and beneficial legislation during its 10-year history.

Passed with overwhelming bipartisan support, I can think of no other Government policy or program during the 14 years I have been a Member of Congress which has contributed so much to so many people in so many countries, including our own.

It effectively serves our foreign policy—and it helps to expand our export trade. It contributes to domestic economic well-being for both agriculture and commerce while it has been a major factor in helping to end famine in the free world. It relieves hunger and suffering and promotes education among men, women, and children in underdeveloped parts of the world; and at the same time it helps those nations to an accelerated takeoff in economic growth that will speed the day when, having gained full maturity, they will participate with us in a full trade partnership.

Mr. Chairman, the American farmer is a wonder of the modern world. He is few in number compared with the farm population of any other country having a major agricultural industry, yet he is so efficient that he produces more, with fewer hands, than any farmer anywhere. His skills and competence make an immeasurable contribution to the image we present to the world. His productivity, the demonstrated workability of his privately owned farm, his technological and scientific leadership in farming—these are the factors that have led to the overflowing abundance of food and fiber which we share with those less fortunate than ourselves.

We have been sending this abundance abroad in ever-increasing amounts to feed an ever-increasing number of people. But, as was envisioned at the start of this wise and thoughtful legislation, the emphasis is shifting from straight relief to self-help programs. As an example, recipient countries are increasingly cooperating with their own financial support in the farflung feeding programs for children.

Also, in many countries, the family relief feeding programs are turning into food-for-wages programs and other bootstrap community development programs whereunder the head of the family makes a partial payment for the food he receives by participating in projects such as school construction, the building of roads, reclamation, irrigation, and reforestation projects. In some 22 countries these programs, carried out cooperatively with the host country—and often with voluntary U.S. agencies—give employment to over 700,000 workers and supplement the diets of more than 4 million persons.

I am very proud of the fact, Mr. Chairman, that my congressional district has participated extensively in food for peace—a phenomenal program. The 22d Congressional District of Illinois is the largest producer of corn of any congressional district in the United States, and is the world's largest producer of soybeans outside of Manchuria. And both commodities have figured prominently in the food for peace program.

Since July 1, 1954, the United States has sent abroad 494.3 million bushels of corn under the program with a market value of \$926.2 million. Also, since July 1, 1954, we have exported 4.8 billion pounds of soybean oil under the program, with a market value of \$747 million. Much of these exported commodities came from my congressional district.

During calendar year 1963—a year in which our farm exports hit a record high of \$1.6 billion—40.4 million bushels of corn, with a market value of \$71.2 million, were exported under Public Law 480. During the same period \$77.6 worth of soybean oil—601 million pounds—were sold, bartered, or given to our hungry friends abroad under food for peace.

But this program is not a one-way street, Mr. Chairman, with everything flowing from the United States and no benefits returning. In addition to the benefits received by our economy in the disposal of some of our surplus commodities, food for peace sales programs encourage participating nations to shift from foreign currency purchases to U.S. dollar credit and cash sales. As an example, during 1963 we shipped overseas \$1.6 billion worth of food for peace commodities. During the same period, U.S. commercial exports of agricultural commodities amounted to \$4 billion.

Another salutary effect of Public Law 480 is the betterment of our balance-of-payments position. Wherever possible

we are using local currencies obtained from sales of our agricultural commodities to pay our bills abroad. These local currencies are reserved for sale to U.S. agencies for dollars and are used to pay foreign operating expenses, thus stemming the outflow of dollars and consequently preserving our precious gold supply.

Mr. Chairman, Public Law 480 has worked well during the past 10 years. In my opinion it has far exceeded all expectations. It will continue to work well in the years to come. This extension must be passed today—as I am sure it will be with the same bipartisan support that has characterized the program in the past.

Mr. HOEVEN. Mr. Chairman, I yield 10 minutes to the gentleman from Wisconsin [Mr. THOMSON].

(Mr. THOMSON of Wisconsin asked and was given permission to revise and extend his remarks.)

Mr. THOMSON of Wisconsin. Mr. Chairman and members of the Committee, I believe it is high time that the Congress and the American taxpayers have an opportunity to look over this program.

Mr. Chairman, with all of the laudable purposes that have been described here on the floor today and with all of the humanitarian objectives of this program with which few people could disagree, I believe that the American taxpayer still is entitled to an accounting of the money that he puts into this program. Such accounting has not occurred.

Mr. Chairman, I had not intended to bring this matter up today but I feel that someone in Government should know what is going on.

As a member of the Committee on Foreign Affairs I learned that we were operating a technical assistance program in Greece to teach the Greeks, among other things, how to operate a market. They had been engaged in that enterprise for about 2,000 years, but we were investing several hundred thousand dollars to teach the Greeks how to operate a market.

I made some inquiry, and much to my surprise I discovered that we were going to assist in building a market in Athens, Greece. So I called the AID agency and made a request for the details on the Athens market project. Much to my amazement there was not any report in the city of Washington, D.C., on the expenditure of several million dollars of American money in Athens. Why? The reason given was because the market in Athens would be financed through the moneys that are soft currencies. Drachmas were being used. But we do not keep track in Washington of American dollars converted to drachmas. So we had no record in the Nation's Capital of the expenditure of more than \$3 million.

After several weeks we got by diplomatic pouch a summary of what had taken place in Athens in connection with the Athens market project. Those of you who may have some interest in the

use of taxpayers' money will note it is project No. 99-180.

Our AID agency in Athens directed a letter to the Greek Government in which they observe that the building of a market in Athens was a desirable project; consequently we were releasing 100 million drachmas for this purpose. Did we have an agreement between our Government and the Greek Government? No; there was no project agreement, there was nothing in writing. We had merely released 100 million drachmas for that purpose. The rumor was heard around Washington that the project was never completed. I think it is a legitimate inquiry because it was anticipated the market would be completed in 3 years. It is now 7 years, and the market is not yet open.

Some of the incredible activities which would be shocking in America are as follows: A memorandum prepared after my inquiry said overpayments were made for the service of the architect, but they did not know whether a refund had been requested or whether a refund had been made. They did not know how much money was involved. They did know it started out to be a project costing \$3 million, and has already cost more than \$7 million. There were no project reports submitted to our Government, there was no interest by our Government in project reports because they received none.

There was very little competitive bidding in Athens for these contracts. In one instance I discovered that the contract was let to the high bidder rather than the low bidder. In another instance I noticed that a very important Greek official who was working on the contract for the market project for the Greek Government was also acting as a contractor on some of the jobs on the same project. But our Government had no interest in that, and did not even know how many dollars worth of contracts the Greek Government official had executed with himself as a contractor.

I also noticed in addition to the more than \$3 million of soft currency in Greece involved was \$250,000—these were dollars—to purchase some refrigeration equipment to go into the market. In one instance I noticed refrigeration plants and equipment were to house flowers in this vegetable market. I do not know how flowers can per se be of much assistance to the average Greek in Athens.

There were two participants in this program in Greece who came to the United States to study market management and procedures, and they were to have been respectively the manager and assistant manager of the Athens market, but I have not been able to find out and our Government in Washington does not know whether these people have been placed in the positions of manager and assistant manager of this project when it does open.

The record also indicates that some of the machinery we financed with these foreign aid funds appear to be still in the customhouse in Piraeus and some of it is in the marketplace, whether or not it is open or operating at this time.

So this situation is one of many, I am sure. There is a lack of supervision, a lack of management, a lack of interest on the part of our American officials in seeing how American money is spent. So I take this time to join the gentleman from Illinois in urging this Committee and the Congress to take an interest in the end use of the money that is created as a result of Public Law 480.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. THOMSON of Wisconsin. I yield to the gentleman from Illinois.

Mr. FINDLEY. I commend the gentleman on his comments. Does he feel it would be advisable to provide for an annual scrutiny of any grants of U.S.-owned local currencies acquired under this program?

Mr. THOMSON of Wisconsin. I certainly do, and I intend to support the gentleman's amendment to this bill. Everybody wants this bill and this program to be a success, but it is never going to be a success as long as the American public cannot have confidence that they are getting some degree of service or value for the dollars they put in it. If we can even get a periodic report sent to the Committee, to the Congress, or the Committee on Foreign Affairs, that would be a step forward in the proper use of the money.

Mr. POAGE. Mr. Chairman, will the gentleman yield?

Mr. THOMSON of Wisconsin. I yield to the gentleman from Texas.

Mr. POAGE. A report is made every 6 months. I do not know whether or not the gentleman has read it, but there is one that comes up here every 6 months under existing law. We did not think that many Members read it, and therefore, suggested that these reports be limited to once per year.

Mr. THOMSON of Wisconsin. The gentleman, then, has overlooked the situation in Greece in the report that was sent up here.

Mr. POAGE. The situation in Greece the gentleman is describing should come to the attention of his own Committee on Foreign Affairs, as it is not under Public Law 480.

Mr. THOMSON of Wisconsin. The Committee on Foreign Affairs does not have authority to look into this because the money comes from Public Law 480. I am sure the Committee on Foreign Affairs would welcome an opportunity to look into this.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield further?

Mr. THOMSON of Wisconsin. I yield.

Mr. FINDLEY. This bill changes the provision for a semiannual report and substitutes an annual report. It would be better to keep the semiannual report, although it can and should on a less extravagant basis.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. THOMSON of Wisconsin. I yield to the gentleman from Iowa.

Mr. GROSS. It was the General Accounting Office that disclosed that the wheat shipments had disappeared.

Mr. COOLEY. Mr. Chairman, I yield 2 minutes to the gentleman from Wisconsin [Mr. REUSS].

Mr. REUSS. Mr. Chairman, I congratulate the members of the Committee on Agriculture on bringing out this bill to continue and fortify one of our better programs and for their conscientious efforts to modify the sections relating to the use of the local currencies reserved for the United States.

I have a couple of questions I should like to address to the distinguished chairman of the committee, the gentleman from North Carolina [Mr. COOLEY], with reference to section 1, subsection 5 of the bill, there is a provision that 20 percent of the so-called local currencies in the aggregate—and I quote the words "in the aggregate"—be maintained for U.S. use under future agreements.

Now the studies of the so-called Moss subcommittee of the House Committee on Government Operations into this question of local currency in recent months have disclosed that in the past, with respect to some countries, our negotiators have apparently asked for too little to be put in the U.S. kitty; and with respect to others have asked for too much, with the result that in some countries we almost have an embarrassment of riches.

My question to the gentleman from North Carolina is this: Is it the intention of the bill, H.R. 12298, that our negotiators should try in each case to reserve for U.S. use as close as possible to the right amount, having in mind that 20 percent should be the average, but where the countries concerned have rather consistently been generating a very large amounts of local currency, such as India, they should ask for somewhat less than the average; and in other countries, which have not given enough, they should ask for more? Is my understanding correct?

Mr. COOLEY. I think the gentleman's understanding is correct. We use the word "aggregate" on line 3, page 4. If you notice there, we use the words "not less than 20 per centum in the aggregate of the foreign currencies which accrue under such agreements." So there would be some leeway in the countries which the gentleman has in mind.

Mr. REUSS. I thank the gentleman.

My second and last question relates to section 1, subsection 4, which is the section setting up the new advisory committee on the use of local currencies. When the foreign aid bill this year came before the House, there was adopted to it the so-called Reid amendment bearing the name of the gentleman from New York [Mr. REID] which encouraged and fostered the use of local currencies. I take it that the purpose of section 1, subsection 4, is that of the Reid amendment—to foster and encourage the use of local currencies in a manner which will secure to the United States the maximum benefit from those currencies.

Am I correct that that which we did under the foreign aid bill is now sought to be done under this bill? Would that

be a proper understanding of the purpose here?

Mr. COOLEY. The gentleman is correct.

Mr. REUSS. I thank the gentleman. The CHAIRMAN. The time of the gentleman has expired.

Mr. HOEVEN. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. DERWINSKI].

(Mr. DERWINSKI asked and was given permission to revise and extend his remarks.)

Mr. DERWINSKI. Mr. Chairman, my purpose in taking a moment of time is to discuss an amendment that I will offer shortly. It has to do with the spending and proper use of funds that are accumulated in Communist countries. In Poland and Yugoslavia we have almost \$1 billion accumulated and, in effect, the Communist governments of those countries have a veto power over these funds. In Poland, for example, over 90 percent of the funds credited to us for disposal of surplus commodities still remain on credit. There has not been effective use of these funds permitted by the Communist governments.

I will propose the following amendment: "for farm improvement loans on reasonable terms and conditions to individuals who own and operate farms in countries having a Communist government where surplus agricultural commodities are sold." These funds would be provided only in such amounts as may be specified from time to time in the appropriation act.

In other words, this would not be backdoor spending or anything of that nature.

The purpose of the amendment could best be described as being in the area of the cold war psychological contest. What we would do, if we were to implement my proposal, would be to provide funds to expand free enterprise in the face of the collective farm system. In a practical manner, we would be fighting communism with the use of free enterprise funds.

On the other hand, I would assume that the Communist dictators of Poland and Yugoslavia would reject such a program. They would not permit us to implement it, in which case they would be demonstrating to the world they are far less interested in their own people than we are. This would be proof that communism is not interested in the welfare of people but are interested only in control of people.

Either way it develops, the U.S. taxpayer would gain. Either Red governments would be forced to reject something to help their own people or, from a more practical standpoint, we would be putting our funds to good use. In either case, the amendment merits study and support.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from Illinois.

Mr. FINDLEY. Would the U.S. Government deal with the individual Polish farmer in such a transaction?

Mr. DERWINSKI. That is correct.

Mr. FINDLEY. It would bypass the Communist Government?

Mr. DERWINSKI. Yes. This would be necessary, because the Communist Government would not permit the practical use of the accumulated funds.

One of the reasons why they do not do so is that so long as they maintain a freeze on the funds they are not releasing any of their currency. In effect, they never wish to repay us for the commodities.

As an example, a year and a half ago in Yugoslavia, there was an earthquake in the city of Skopje, and we immediately offered, I believe, \$60 million for emergency services toward earthquake damage rehabilitation, which we intended to make available from accumulated counterpart funds. The Yugoslav Government refused us permission to provide accumulated funds for this purpose. This was a humanitarian action which we were not permitted to perform for the benefit of people, with the Communist Government of Yugoslavia thus being a villain.

We would have to bypass Red governments. We want to bypass Red governments, if we are to promote free enterprise in Communist countries.

Mr. Chairman, I yield back the remainder of my time.

Mr. HOEVEN. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio [Mr. OLIVER P. BOLTON].

(Mr. OLIVER P. BOLTON asked and was given permission to revise and extend his remarks.)

Mr. OLIVER P. BOLTON. Mr. Chairman, when we reach the amendment phase later on this afternoon, I shall introduce an amendment calling for a cut-off of all future aid to the United Arab Republic.

Public Law 480 is called the food for peace program, and since 1954—with strong bipartisan support—it has, for the most part, lived up to its name. However, with regard to our Public Law 480 assistance to Nasser, it unfortunately can be said that our food for peace has provided him with the means for war.

Since 1954 we have bailed out the economy of the United Arab Republic to the tune of \$1.1 billion in American taxpayers' dollars. Since 1962, Egypt has received more than \$700 million in Public Law 480 shipments—an amount exceeding combined Public Law 480 shipments to all the nations of Africa, Latin America, and the Far East.

Mr. ARENDS. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] Eighty-eight Members are present, not a quorum. The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 250]

Alger	Burkhalter	Hanna
Anderson	Colmer	Hansen
Andrews, Ala.	Corman	Harvey, Mich.
Auchincloss	Diggs	Hays
Avery	Dingell	Healey
Baring	Evins	Hébert
Barrett	Finnegan	Hoffman
Bass	Flynt	Kee
Bell	Forrester	Kilburn
Betts	Fulton, Tenn.	King, Calif.
Bonner	Gill	Kluczynski
Buckley	Green, Oreg.	Landrum

Lesinski
McIntire
Martin, Calif.
Martin, Mass.
Matsunaga
Meador
Miller, N.Y.
Montoya
Moorhead
Morris

Morton
Mosher
Nedzi
Powell
Rains
Roberts, Ala.
Ryan, Mich.
Scott
Sheppard
Shipley

Sisk
Smith, Va.
Springer
Stephens
Thompson, N.J.
Toll
Wallhauser
Williams
Wilson,
Charles H.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. HARRIS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill, H.R. 12298, and finding itself without a quorum, he had directed the roll to be called when 366 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

The CHAIRMAN. The gentleman from Ohio [Mr. OLIVER P. BOLTON] has 4 minutes remaining.

Mr. OLIVER P. BOLTON. Mr. Chairman, when the quorum call began, I had just pointed out that Egypt had received more than \$700 million in Public Law 480 shipments.

In the process, this program has enabled Nasser to commit approximately two-thirds of his export cotton crop to Communist bloc nations. This in turn, has been used to pay for the billion dollars worth of Soviet arms and weapons called for under the 1955 arms-for-cotton barter deal.

With these arms, Nasser has arrogantly risen above his former policies of external subversion and propaganda to outright aggression in Yemen. Our policy and that of the U.N. in attempting to placate Nasser with recognition of his puppet regime in Yemen in return for his promise of future withdrawal of troops, has proved to be an abominable failure.

According to several reliable reports in both European and our own press, Nasser's 40,000 troops in Yemen are this very week engaged in what may prove to be a crucial battle of that war. What with the Arab summit meeting scheduled to take place this coming Saturday, Nasser is reported to be in the position of having to go into the meeting with good military reports from Yemen. Such a situation would put Saudi Arabia—which has opposed Nasser's Yemen war, in the position of having to yield further to Nasser's pressures. Moreover, any strengthening of Nasser's position prior to this Saturday will undoubtedly have a telling effect on Jordan's decision whether or not to go to the Soviet Union for the latest model supersonic jet fighters and bombers.

Together with this, our extensive aid to Nasser has proved to be directly or indirectly, the means whereby he has had sufficient foreign reserves to undertake a crash program aimed at acquiring both a ground-to-ground missile capability and a limited nuclear capability. His frantic efforts along these lines are a direct threat to the future of Israel as well as to the future independence of several Arab nations which have been traditionally friendly to the West.

In the past few days, under pressure from Nasser, the United States and Great Britain have agreed to evacuate to huge airbases in Libya.

As if this weren't enough, we now learn, through this morning's Washington Post, that Nasser has agreed to supply Archbishop Makarios of Cyprus with late model aircraft and weapons. This will only add fuel to the already explosive Cypriot crises.

Mr. Chairman, I fully realize that there will be those in the State Department who will plead for defeat of this amendment on the basis that it restricts the President's ability to conduct foreign policy. However, much to my regret, even if the House adopts this amendment, there probably will be no effect whatsoever on shipments of wheat and other commodities to the United Arab Republic through all of calendar year 1965. In other words, if it is flexibility that is desired, they have plenty of it, because I am sure I speak for the entire House when I say that the appropriate committees would be only too glad to bring back Egypt into the Public Law 480 program if and when Nasser begins to keep his word not only to the United States but also to the United Nations.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. OLIVER P. BOLTON. Mr. Chairman, will the gentleman yield me 2 additional minutes?

Mr. HOEVEN. Mr. Chairman, I yield to the gentleman from Ohio 2 additional minutes.

Mr. OLIVER P. BOLTON. I thank the gentleman.

I would like to further remind the House that last year both the House and Senate acted favorably upon an anti-aggressor amendment to the foreign aid bill unmistakably aimed at cutting off aid to Nasser, if he continued his aggressive ways.

I remind my friends on this side of the aisle that during that debate Senator HUBERT HUMPHREY specifically said, "We intend this to apply to Public Law 480. We intend it to apply to Egypt. Why not name the countries?"

The United Arab Republic has continued its aggressive ways. There has been fighting constantly in the Yemen and other areas of that whole region of the world, and there has been no determination from the State Department or the administration that the strictures of this amendment should be invoked. Quite to the contrary, AID people advise me that within a few months our negotiators will sit down in Cairo and work out another Public Law 480 agreement through July of 1968 calling for even more assistance to Egypt.

As far as the question of naming countries by name in this bill, Public Law 480 already excludes any possible assistance to the Soviet Union—by name. And the State Department itself, in a written request, asked that the Senate adopt an amendment this year reading out of the act Red China. Clearly, there are ample precedents for stipulating unfriendly nations by name.

Finally, under the present warlike conditions, passage of this amendment is in

complete accord with the Near East planks of both the Democratic and Republican platforms of 1964. With passage of this amendment we will serve notice to Nasser at this Saturday's Arab summit meeting, that we in the Congress are tired of shoveling our taxpayers' dollars into his hands for the purchase of tools of foreign aggression.

Mr. GILBERT. I heartily support H.R. 12298, the bill now under consideration, to extend the program provided in Public Law 480, the Agricultural Trade Development and Assistance Act.

Under the provisions of Public Law 480, the United States has been shipping surplus food and other farm commodities to various countries with acute shortages. The program has proved to be efficacious and of great help to all concerned; nations in dire need have been assisted; our American shipping companies, their employees; ship repair yards, their workers; suppliers, and all those engaged in the movement of farm surplus commodities abroad have benefited. Extension of the program will continue creating cargoes vitally needed for our ships and the economic stability of our U.S.-flag merchant marine.

I wish to state my strong opposition to the amendment of section 102 of the existing act, contained in S. 2687 recently passed by the other body. This would create dire hardships and would undermine the economy of our merchant marine to such an extent that it would, in effect, bar our ships from participation in much of the program. The amendment would compel our ships to accept somewhere between half and the entire freight rate in soft inconvertible foreign currencies. Our shipping companies cannot pay wages or taxes or purchase necessary supplies with these currencies. Our State Department has recorded its opposition to this provision as one which would "hamper sales." Under all the circumstances, the amendment is unfair and prejudicial. Assuredly, American ships should be given consideration and reasonable help also in carrying out a U.S. governmental assistance program.

I would point out that labor and management in the maritime industry are unanimously joined in support of H.R. 12298 and in opposition to the harmful amendment contained in S. 2687.

I urge passage of H.R. 12298 and I trust that no action will be taken to include the objectionable provision discussed, section (3) of S. 2687.

Mr. ALBERT. Mr. Chairman, H.R. 12298, to extend the Public Law 480 program, is a good bill. It is the result of many weeks of painstaking effort by the House Committee on Agriculture to renew and extend, on an improved basis, a successful program which is 10 years old this year.

The bill represents a bipartisan effort to deal fairly and objectively with a program which, from the beginning, has been of interest to all the people of the United States and many millions abroad. Seldom do legislative proposals come to the House as this bill has, with such an overwhelming support of the legislative committee concerned.

The food for peace program was con-

ceived 10 years ago, with the basic purpose of providing constructive outlets for our efficient agriculture. It has achieved its purpose in a far larger measure than expected. At the same time it has strengthened our domestic economy, agriculturally and otherwise, and has become a principal means of advancing the interests of the United States abroad. These purposes have been attained largely with U.S. food. Our food has become a symbol of generosity and humanitarianism for which the people of the United States will reap benefits for generations to come.

American farmers have gained from Public Law 480. During this past year 45 bushels of wheat out of every 100 produced in 1963 found a use abroad through this program. Rice shipments under Public Law 480 are equivalent to 30 bags out of every 100 harvested by growers last year. Public Law 480 cotton exports over the years have added \$1.5 billion to the incomes of farmers.

Under the program we have shipped large volumes of nonfat dry milk, vegetable oil, feed grains, and tobacco. Furthermore, urgent commodity problems have been solved for such commodities as beef, dried beans, fruit and poultry by having the authority to move food quickly and effectively into areas of need—and in a manner serving to establish a lasting interest in purchases from the United States.

The benefits to American agriculture are by no means confined to the number of commodities in surplus supply. One of the principal uses of the foreign currencies acquired by sales under the program has been establishment of a hard-hitting, widespread market development program—a program to encourage cash sales of all U.S. agricultural commodities. This effort, which is carried out primarily by private trade organizations, represents most major commodity groups. It is focused primarily in those countries of the world where sales for dollars are possible. This market development effort made a major contribution to the largest export year for agricultural commodities in U.S. history—a year in which products valued at over \$6 billion were shipped. This represents a \$2 billion balance in the United States favor.

Many nonagricultural groups in the United States have benefited from the Public Law 480 program. The preparation and movement of commodities under the food-for-peace program have provided business for many American enterprises and thousands of jobs for American labor. The activity provided by necessary storage, handling, processing, and transportation services has been an important factor in our national economy.

Over the past 10 years, and certainly in years to come, the food-for-peace program has been and will continue to be a major factor of our foreign policy. Not only has it performed the ultimate service of preventing starvation and the political upheaval which famine produces, but it has also strongly supported developing nations in creating viable economies. More stable allies are more de-

pendable allies. And as we help nations to become economically stable, we increase their ability to purchase their food needs through commercial channels.

The means of accomplishing these many benefits at home and throughout the world, through food which our farmers have produced, has created a reputation for America and Americans which in the long run is priceless.

H.R. 12298 continues, in its broad aspect, the program as it has been carried out successfully over the last 10 years. The Committee on Agriculture was careful to examine closely any suggestions for improving the manner this program is to be conducted in the future.

One such suggestion arises out of the fact that in a few countries of the world large volumes of foreign currencies have been accumulated as a result of the programs under the program. These currencies, like the commodities from which they were generated, are useless unless put to work. The Congress had not previously made specific provision for their use and, while not now prohibited by law, the administration has not yet put this resource to work. Out of consideration of this problem, the committee has provided a mechanism whereby a carefully selected bipartisan committee, representing both the Congress and the administration, can be given the opportunity and the initiative to find useful purposes for these accumulated resources. The expenditure of these currencies should not be confused with the basic responsibility of this Congress to appropriate funds through its regular processes for the conduct of all U.S. programs. The accumulation of these currencies is a byproduct of the distribution of agricultural commodities for which funds have already been appropriated following the normal process of the Congress.

The Committee on Agriculture has also given close attention to the necessity of carrying out this large-scale program of maximizing benefits to the United States.

The Committee on Agriculture has felt that even more attention should be paid to returning benefits to the United States from the so-called Cooley amendment loans. The committee, therefore, has proposed stronger measures in negotiating agreements with foreign countries to provide commodities at favorable exchange rates, to maximize uses of currency for U.S. purposes, to improve our balance-of-payments position, to encourage through additional Cooley amendment loans the efforts of American businessmen in international trade, and to inspire more self-help in relief projects sponsored and conducted by American voluntary agencies abroad.

This is truly an important program, one which does immense credit to the United States in the way it orders its own affairs and participates in the world at large. Among its greatest strengths is the fact that it was formulated and, through the wisdom of succeeding Congresses, has been kept flexible enough to serve needs as they arise. Since the resources which are here being used arise

out of agriculture in America, subject as agriculture always is to rapid changes resulting from natural conditions, maximum benefits from the program can be achieved only as the means for using these surpluses are kept free of cumbersome procedures. Similarly, the uses of these commodities abroad also result in many cases from unexpected failures in agricultural production, which are similarly unpredictable, and therefore our commodities must be made available quickly to be of maximum benefit to the peoples who need them.

Mr. SHRIVER. Mr. Chairman, I support the extension of Public Law 480, the Food for Peace Act. It is especially gratifying to note that this was a program inaugurated during the Eisenhower administration. It is a humanitarian program which has worked successfully. It has been good for the farmers of our Nation. It has been good for the recipient countries. It should be continued.

We recognize the importance to our economy in general, and agriculture in particular, of the value of the foreign trade. Public Law 480 has a tremendous economic impact on some agricultural commodities.

The United States has exported about 3½ billion bushels of wheat under the Food for Peace Act. This is equal to three average U.S. crops. Shipments under the program in the fiscal year 1964 were equivalent to 43 bushels out of every 100 bushels of wheat U.S. farmers harvested in 1963.

I particularly want to call to the attention of the Congress the tremendous humanitarian functions implemented by this act. U.S. voluntary relief agencies, many of them church-related, have conducted an effective people-to-people program with commodities made available under this act.

For example, from the passage of Public Law 480 in 1954 to July 1963, the CARE organization had been the medium for distributing over 3 billion pounds of U.S. Government-owned commodities to 55 countries in very serious need of nutritional support. The Christian rural overseas program (CROP) and other church-related agencies have contributed significantly to relief of hunger and malnutrition throughout the world.

As we consider the extension of this program, it would appear to be in the best interests of the American taxpayers to guard against the use of surplus currencies to further the aggressive policies of certain dictators, and other unfriendly nations which have benefited from American generosity.

Mr. COOLEY. Mr. Chairman, I have no further requests for time.

M. HOEVEN. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. The Clerk will read. The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Agricultural Trade Development and Assistance Act of 1954, as amended, is further amended as follows:

(1) Effective January 1, 1965, section 103 (b) of such Act is amended by striking out

"1962" and substituting in lieu thereof "1965", by striking out "1964" and substituting in lieu thereof "1967", by striking out "\$4,500,000,000" and substituting in lieu thereof "\$4,000,000,000", and by inserting prior to the colon the following: "plus any amount by which agreements entered into in prior years have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such prior years by this Act as in effect during such years".

(2) Section 104 of such Act is amended by striking out in subsection (c) the word "military" and inserting after the words "common defense" the words "common defense" the words "including internal security".

(3) Section 104 of such Act is amended by striking from subsection (e) the words "not more than 25 per centum of the currencies received pursuant to each such agreement shall be available" and substituting "currencies shall also be available to the maximum usable extent".

(4) Section 104 of such Act is amended by adding the following new subsections:

"(u) To use foreign currencies which are in excess of the normal requirements of the United States as determined by the Secretary of the Treasury, to promote the development of the resources of less developed friendly foreign countries, their technical knowledge and skills in fields such as food production and distribution, education, health and medicine, and engineering, in a manner which will secure to the United States the maximum benefit from currencies accruing under this title: *Provided, however,* That no such use shall be made of such currencies which would have the effect of reducing the dollar reimbursement to the Commodity Credit Corporation for foreign currencies. There is hereby established an advisory committee composed of the Secretary of Agriculture, the Director of the Bureau of the Budget, the Administrator of the Agency for International Development, the chairman and the ranking minority member of the House Committee on Agriculture, and the chairman and the ranking minority member of the Senate Committee on Agriculture and Forestry. The functions of such Committee shall be to review from time to time the status of foreign currencies which accrue under this title and to make recommendations to the President with regard to (1) the use of excess currencies under the authority conferred upon him by this subsection and (2) grants under subsection (e) hereof.

"(v) For the use of the House Committee on Agriculture and the Senate Committee on Agriculture and Forestry to make investigations and studies deemed necessary by the chairman of the respective committees to carry out their statutory responsibility for legislative oversight of operations under the provisions of this Act."

(5) The first proviso at the end of section 104 of such Act is amended by striking out "to not less than 10 per centum of the foreign currencies which accrue under this title:" and substituting "effective with respect to agreements entered into beginning January 1, 1965, to not less than 20 per centum in the aggregate of the foreign currencies which accrue under such agreements:".

(6) Section 108 of such Act is amended by striking out the words "six months" and inserting in lieu thereof the word "year".

(7) Sections 109 and 204 of such Act are amended by striking out "1964" and substituting in lieu thereof "1967".

(8) Section 203 of such Act is amended by striking out "1961" and substituting "1965"; by striking out "1964" and substituting "1967"; by striking out "\$300,000,000", and

substituting "\$450,000,000"; and by inserting after "charges for general average contributions arising out of the ocean transport of commodities transferred pursuant hereto" the following: "or donated under said section 416, section 308 of this Act or section 9 of the Act of September 6, 1958."

(10) Section 203 of the Act is amended by inserting after the third sentence of said section the following new sentence: "In addition to other funds available for such purposes under any other Act, funds made available under this title may be used to purchase foreign currencies accruing under title I in order to meet costs (except the personnel and administrative costs of co-operating sponsors, distributing agencies, and recipient agencies) designed to assure that commodities made available under this title or under title III are used to carry out more effectively the purposes for which such commodities are made available or to promote community and other self-help activities designed to alleviate the causes of the need for such assistance: Provided, however, That such funds shall be used only to supplement and not substitute for, funds normally available for such purposes from other non-United States Government sources." and by inserting after the word "costs" in the last sentence the words "or for the purchase of foreign currencies".

(11) Section 101 of such Act is amended by striking out in subsection (f) the words "from the government or agencies thereof" and further by striking the period at the end of subsection (f) and adding the following: ", and which are not less favorable than the highest of exchange rates obtainable by any other nation."

SEC. 2. Subsection (b) of section 612 of the Foreign Assistance Act of 1961, as amended, is amended (1) by redesignating it as subsection (t) of section 104 of the Agricultural Trade Development and Assistance Act of 1954, as amended.

(2) By striking "this Act" and substituting "the Foreign Assistance Act of 1961, as amended."

(3) By changing the period at the end of the subsection to a comma and adding "except that in the case of any such foreign currencies acquired through operations under title I of the Agricultural Trade Development and Assistance Act of 1954, as amended, the United States dollars received from the sale of such foreign currencies shall be deposited to the account of the Commodity Credit Corporation and shall be treated as a reimbursement to Commodity Credit Corporation under section 105 of this Act."

SEC. 3. Section 416 of the Agricultural Act of 1949, as amended, is amended by adding the following at the end of such section: "The assistance to needy persons provided in (4) above shall, insofar as practicable, be directed toward community and other self-help activities designed to alleviate the causes of the need for such assistance."

Mr. COOLEY. Mr. Chairman, I ask unanimous consent that the bill be considered as having been read and open for amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The CHAIRMAN. The Clerk will report the committee amendments.

The Clerk read as follows:

Page 2, beginning on line 4, strike out "striking out in subsection (c) the word 'military' and inserting" and insert "inserting in subsection (c)".

Page 2, line 14, strike out "subsections" and insert "subsection".

Page 2, beginning on line 19, strike out "countries, their technical knowledge and skills in fields such as food production and distribution, education, health and medicine, and engineering," and insert "countries".

Page 3, beginning on line 15, strike out all of proposed new subsection (v).

Page 4, line 18, strike out "(10)" and insert "(9)".

The foregoing committee amendments were agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Page 4, line 25, strike out "agencies)" and insert "agencies, and the costs of construction or maintenance of any church owned or operated edifice to be used for sectarian purposes)".

AMENDMENT OFFERED BY MR. QUIE

Mr. QUIE. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment to committee amendment to H.R. 12298 offered by Mr. QUIE: Page 5, line 1, after the word "edifice" insert the words "or any other edifices".

(Mr. QUIE asked and was given permission to revise and extend his remarks.)

Mr. MATTHEWS. Mr. Chairman, will the gentleman yield?

Mr. QUIE. Mr. Chairman, I will yield to the gentleman from Florida.

Mr. MATTHEWS. Mr. Chairman, on this side we have discussed this matter with the gentleman from Minnesota. We appreciate his bringing it to our attention, and we have no objection.

Mr. QUIE. I thank the gentleman from Florida, who is the author of the committee amendment.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. QUIE. I yield to the chairman of the committee.

Mr. COOLEY. As far as I am concerned, the amendment is acceptable, and we will accept it as a clarifying amendment.

Mr. QUIE. Thank you. That is what it is. We are clarifying what we have done in the committee.

The amendment to the committee amendment was agreed to.

The committee amendment as amended was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Page 5, line 11, strike out "(11)" and insert "(10)".

The committee amendment was agreed to.

AMENDMENT OFFERED BY MR. FINDLEY

Mr. FINDLEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment to H.R. 12298 offered by Mr. FINDLEY: Page 2, line 13, strike lines 13 through 25 and page 3, line 1, strike lines 1 through 14 and insert in lieu thereof the following:

"(4) Section 104 of such Act is amended (1) by striking out in the first proviso following subsection (s), "subsections (d) and (e) and for payment of United States obligations involving grants under subsection (f)" and inserting in lieu thereof "this sec-

tion, and to all foreign currencies derived from payments of interest or repayments of principal on loans made under this section,"; and (ii) by striking out the second proviso following subsection (s)."

(Mr. FINDLEY asked and was given permission to revise and extend his remarks.)

Mr. FINDLEY. Mr. Chairman, subsequent to the action of the House Committee on Agriculture reporting the Public Law 480 extension bill which is now before us, the other body has taken action on a similar bill and, in my opinion, has made several worthwhile improvements. One of these improvements is embodied in the amendment which I now offer for your consideration.

The language in this amendment is precisely the language inserted by the other body; and thinking that many members may not have had the opportunity to examine Calendar No. 1402, which is the Senate committee report, I call attention to the report on page 28, the section headed "Congressional Control Over Grants and Loan Payments." It sets forth in very clear English exactly what this amendment would accomplish. I would like to have your indulgence to read this section.

Mr. ROONEY of New York. Mr. Chairman, will the distinguished gentleman yield?

Mr. FINDLEY. I would be glad to yield to the distinguished gentleman from New York.

Mr. ROONEY of New York. Mr. Chairman, the pending amendment of the gentleman from Illinois, which is exactly the same language as contained in the Senate bill, would do away with back-door spending in this program and bring such spending within the control of the Congress, would it not?

Mr. FINDLEY. It would do away with much of the back-door spending of this program so far as it dealt with the disposition of U.S.-owned foreign currencies. I thank the gentleman for his comment.

This section of the Senate report states:

The purpose of this amendment is to provide the same degree of control over grants of U.S.-owned foreign currencies as is provided in the regular foreign assistance legislation over dollar grants; also to coordinate all foreign assistance grants and to assure that grants of foreign currencies are used in place of dollar grants rather than being supplementary thereto. Further the making of such grants subject to congressional appropriation control—

Which is what this amendment would do—

will not only require that such grants be justified before a congressional committee but will also have the effect of reimbursing the Department of Agriculture in part for the cost of commodities, the sale of which generated the currencies in question.

It is important also that you give attention to the next paragraph:

The requirement that foreign currencies derived from interest payments or repayments of principal on Public Law 480 loans be subject to congressional appropriation control, likewise, places the same requirement on such foreign currencies as are placed on dollar appropriations in the regu-

lar foreign assistance legislation. Once the interest or loan repayment is made the currencies no longer are restricted by the provisions of the original sale agreements and accordingly should be treated as any other U.S.-owned currency.

In brief, my amendment would require congressional appropriation before grants of any U.S.-owned foreign currency can be made under title I agreements. It is precisely the same language adopted by the other body, and in my opinion would do a lot toward bringing this vast but little-understood foreign aid program under congressional control.

Mr. ROONEY of New York. Mr. Chairman, would the distinguished gentleman from Illinois further yield?

Mr. FINDLEY. I am glad to yield further to the gentleman from New York.

Mr. ROONEY of New York. As I understand this, the gentleman's pending amendment seeks to correct the situation pointed out at page 28 of the Senate report, that:

From the inception of the act through December 31, 1963, approximately the equivalent of \$2.5 billion or 25.7 percent—1 out of ever 4 dollars' worth—of the total foreign currency proceeds from title I sales have been granted away, all without congressional appropriation sanction.

Mr. FINDLEY. The gentleman is correct.

I might add that an agreement was just announced with the Congo Government involving about \$5 million under which 85 percent of the currency proceeds—85 percent would be granted back to the Congo Government. So it is 85 percent a foreign aid appropriation, but without congressional appropriations sanction. Perhaps a grant was needed, but why not use the same appropriations route that is used for regular foreign aid?

This represents the latest example in the long series of agreements of this sort. They are actually donations in great part but they are disguised as sales.

Mr. ALBERT. Mr. Chairman, I rise in opposition to the amendment.

(Mr. ALBERT asked and was given permission to revise and extend his remarks.)

Mr. ALBERT. Mr. Chairman, in my judgment this amendment to subject all grants under title I of Public Law 480 to the appropriations process, would not be in the best interests of the United States.

This program, the Public Law 480 program as we call it, was enacted about 10 years ago. Since that time the President of the United States has had discretionary authority to use accumulated foreign currencies in what he considered to be the best interests of the United States, oftentimes for mutual defense purposes, and for economic development purposes, and without recourse to congressional appropriations.

Mr. Chairman, I believe it should be pointed out that these currencies generally have been used for three main purposes: grants of local currencies for economic development purposes, grants or loans of local currencies received from

prior loans of Public Law 480 local currency, and grants of local currencies for mutual defense purposes, an authority that has been used extensively to support the defense budgets of Vietnam, Taiwan, Korea, and many other countries. With respect to the mutual defense purpose, it should be noted that any provision requiring appropriation of grants of local currency would seriously inhibit the President's capacity to aid our allies on the active fronts of the cold war.

Would we, for example, willingly impose any requirement which in effect tied the hands of the President in his effort to promote U.S. interests in Vietnam? For in South Vietnam, 90 percent of local currency generated under title I, Public Law 480 sales, is granted to support the South Vietnam war effort. These funds provide nearly 20 percent of U.S. support of the South Vietnam military budget. Any requirement demanding appropriation of these funds would inject the dangerous elements of uncertainty and delay in a struggle where the United States can ill-afford diminished efforts.

In Korea, U.S. grants of local currency provided a preponderant portion of the total Korean military budget. These funds would be of little use if they were subject to the delays and uncertainties awaiting any appropriations measure.

The proposal to subject grants of local currency to the appropriations process would not only impair the flexibility required by the President in carrying out his foreign policy; it would further inhibit the effective use of local currencies to hasten economic development in countries like India, where the United States has accumulated vast sums of local Indian currency. At present, U.S.-owned rupees available for U.S. uses in India total nearly \$400 million. If grants of these funds should become subject to congressional control through the appropriations process, and grant use restricted, we can reasonably expect these funds to grow to ever-increasing levels of unproductive and idle accumulations.

Mr. Chairman, I do not believe anyone in America, even those who support this amendment, feels that there is anything wrong with using these foreign currencies for these purposes.

Now, insofar as the congressional control of these currencies is concerned, I feel we should review briefly just how these currencies are accumulated.

First of all, the Commodity Credit Corporation through its support programs purchases American agricultural surplus commodities. Second, it sells those commodities to countries which cannot buy them in hard currencies, third, these currencies accumulate.

Mr. Chairman, there is not a dollar that moves under the Public Law 480 program that has not already been appropriated by Congress. The Congress has control over the appropriations to the Commodity Credit Corporation. The Congress has control over all the support programs. Incidentally, if it had not been for this program there would have been an accumulation of wheat, cotton,

rice, and dairy products in this country that would have made their management impossible.

One point concerning this proposal should be made perfectly clear: It would result in reduced Public Law 480 sales, and contribute to increased U.S. farm surpluses. As we all know, this program is vital to the health of our Nation's agriculture. To cite just one example of the enormous impact of this program on our domestic economy, in fiscal year 1964, wheat shipments abroad under Public Law 480 accounted for 43 out of 100 bushels of wheat harvested by U.S. farmers the preceding year. I for one would not wish to support any proposal which would harm so seriously our Nation's agricultural efforts.

Mr. Chairman, once these commodities go into the control of the Commodity Credit Corporation and are sold, it seems to me that the appropriations process should end.

These commodities remain commodities until they are sold, and they are not sold for American dollars; they are sold for foreign currency which I think should not be subject to the appropriations process. This amendment would hamstring a program that has worked well for 10 years. It has given President Eisenhower, President Kennedy, and President Johnson the authority and the flexibility which they use in the interest of the United States.

May I say to those who are from farm States that it would be a serious mistake to say we are going to charge these funds and these appropriations, whatever you want to call these accumulated foreign currencies, up to the foreign aid program. If we ever do that then we are making this a foreign aid program primarily, and not an agricultural program.

What are we going to do with our support programs? Are we going to get rid of them? Are we going to get out of the business of supporting farm commodities? This program has worked well in the national interest; it has worked well in the interest of American agriculture. I hope my friends on the Committee on Appropriations will not try to create what amounts to a double appropriation.

This amendment should be voted down.

Mr. BOW. Mr. Chairman, I move to strike the requisite number of words.

(Mr. BOW asked and was given permission to revise and extend his remarks.)

Mr. BOW. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Illinois. I particularly would like to address my remarks to the distinguished majority leader. May I say that which he has recited in history is correct, but he did not recite all of the history of the use of foreign currencies. What we are doing here is making an exception on the use of foreign currency. In most of the other programs where foreign currencies are used they are under the control of the Congress, this House, as to how they shall be used. It is true that we have control of the Commodity Credit Corporation and the appropria-

tions there. That is as it should be. I for one would never disturb that. I am for Public Law 480. I introduced one of the original bills to feed hungry people. I do not think we should let food spoil in warehouses so long as there are hungry people in the world. However, there is a responsibility for this House to exercise this control over appropriations. I think it is true that you cannot separate foreign currencies from American cash because they are purchasing with our dollars, they are a part of the funds that we have to operate on. Whether we are operating on dollars or currencies, it is still an asset to the United States, and it is our responsibility as Members of Congress to have some control. Let us not get this into a question of whether the Appropriations Committee shall do it. I say it is a matter of whether or not the Congress of the United States, the House of Representatives, under the Constitution has that responsibility.

Mr. ALBERT. Mr. Chairman, will the gentleman yield?

Mr. BOW. I yield to the gentleman from Oklahoma.

Mr. ALBERT. It is difficult to cover this subject in 5 minutes, and I hope the gentleman will be granted additional time. He is making a fine statement. The gentleman is correct, in cases when these funds are used for governmental functions. In that instance they should be appropriated and, in fact, they are. If the CCC has an account in foreign currencies in a foreign country, and our State Department buys such currencies for the performance of Governmental functions then of course the Commodity Credit Corporation will be reimbursed by the State Department with appropriated funds. We do not deny that this is a matter properly within the scope of the appropriation process.

Mr. BOW. To follow through on what the gentleman has said, up to that point I think we are in agreement. We lose control of the funds once the Commodity Credit Corporation turns them over without control on how they can be spent.

Here is the thing that concerns me. We used to hear the same thing, that these are just foreign currencies and they do not amount to much. They go all over the world. We have had them in England, France, Holland, we have had them every place. We have spent them as if they were paper money out of some kind of printing press. We have said, "We have so many of them, let us get rid of them." We have bought parks without much regard for how they were being used. The first thing we knew, the money was gone and we did not have any more to spend. Now we are taking hard dollars and having to pay expenses in many countries with hard dollars, whereas if we had not wasted these funds we would still be paying our expenses in these foreign countries with foreign currencies. I think the Congress has a responsibility to see that these foreign currencies are preserved and used for the best interests of our country. I do not see why there is any objection to permitting that to be done.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

(On request of Mr. ALBERT, and by unanimous consent, Mr. Bow was allowed to proceed for 5 additional minutes.)

Mr. ALBERT. The gentleman knows that this legislation as proposed here does carry a provision for the establishment of an advisory congressional-executive committee to review the status of foreign currencies.

Mr. BOW. That is right, and that is one of the things I object to in this bill, that it sets up a new system, delegating the power of the House of Representatives to the executive and ranking members of committees. It seems to me what we have done here is take away some of the responsibility of the House of Representatives.

Mr. ALBERT. The power of the Congress is absolute. It is absolute in control over the Commodity Credit Corporation. It is absolute in its control over price support programs.

Mr. BOW. My objection is that in this instance we are setting up a new commission to point out how we are going to superintend the use of these funds. I think this is wrong. I think the House of Representatives is the one that should have this responsibility. That is another objection.

Mr. ALBERT. Would the gentleman object to this bill if this commission were not created? Does the gentleman object to doing this the way it has been done during the past 10 years?

Mr. BOW. Yes. I feel we do not control that now with the appropriations process of the Congress, and I object to it. But I will say that if it should not be corrected, I am going to support the bill. I believe in the 480 program and in doing it this way. I believe in the House of Representatives. I believe in the legislative process. I believe we should control. That is why I think we should emphasize this.

I opposed this bill when it was under consideration under suspension of the rules simply to let the House work its will. If the House works its will I will bow to it. I hope the amendment offered by the gentleman from Illinois will be adopted.

Mr. ROONEY of New York. Mr. Chairman, will the distinguished gentleman from Ohio yield?

Mr. BOW. I yield.

Mr. ROONEY of New York. I am going to support the pending amendment offered by the gentleman from Illinois because I think that is the right thing to do. I think that the proper committees of the House and the Senate should have rigid control over the expenditure of Public Law 480 foreign currencies just as they do over our dollars in every instance. If the pending amendment does not prevail, I feel that the distinguished majority leader and I will find ourselves on the same ground, because I shall then offer an amendment which would keep the entire situation in status quo.

Mr. BOW. I appreciate the gentleman's suggestion. I am glad to hear him say he will support the gentleman's amendment and make clear that that is

a proper amendment. I think that will clarify the whole question. The amendment has been adopted by the other body. They are in favor of it. I think it would be helpful if we adopt it here so it will not be in conference when we pass the bill.

I would suggest this is a good amendment. It leaves the control with the House of Representatives. We have delegated in the past too much of our authority from time to time to the executive. We now find the courts trying to interfere with our responsibilities, and it seems to me it is time the Congress of the United States asserted its authority, which authority it has under the Constitution to control the finances of our country.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MATTHEWS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I hope we all understand just what this amendment proposes to do to the bill. This amendment would strike out the provision which sets up an advisory committee composed of Members of Congress—composed of members from the Committee on Agriculture, the chairman and the ranking minority member in both Houses of the Congress. To do what? To take these currencies that are in surplus and for which now we seemingly have no use—to check on these currencies and to see if it may not be possible to make some use of these currencies that are accumulating at a rate that is not good for the country.

This is not backdoor spending. As has been explained by the able gentleman from Oklahoma, every dime of money that represents foreign currency has been appropriated by the Committee on Appropriations. Every dime of it will be appropriated by the Appropriations Committee in the future as it has been in the past.

Whenever the Committee on Appropriations wants some of these foreign currencies to be used for United States uses for foreign embassies and for defense, they will appropriate that money as it is their authority to do. That has been done in the past and it will be done in the future.

The difference of opinion here, Mr. Chairman, is that we believe the currencies that have already been accumulated and that are not going to be used for foreign uses that have not come under the appropriation procedures should be carefully scrutinized in the future as they have been in the past, with even more congressional control, to see if we cannot make better use of those foreign currencies.

I deplore that this has gotten to be an argument seemingly between the distinguished gentleman from New York [Mr. ROONEY] a great member of the Committee on Appropriations and the gentleman from Ohio [Mr. Bow]. I admire them. I want them to have the same authority in the future that they have had in the past. They have been good to me. I am going to go to them in the future to help me solve other problems.

There is no question of unfriendliness here. They think this is backdoor spending. But, Mr. Chairman, I submit to you, if their view prevails, they lock the front door on us and will not let us go through the front door. What I am afraid of is that they want double approval of appropriations. They tell me in law you cannot be held for double jeopardy. It would seem to me, we ought not to have these funds appropriated twice. I think that is what we would be doing.

Mr. ROONEY of New York. Mr. Chairman, will the distinguished gentleman yield?

Mr. MATTHEWS. I yield with humility to the distinguished gentleman from New York.

Mr. ROONEY of New York. It occurs to me that my distinguished friend from Florida should have used the words "more use" rather than "better use" when he spoke of these foreign currencies. The Agriculture Committee's plan is to have more liberal use of them and not better use of them. This program might be used to set up buildings all over Kingdom Come and which we cannot afford. I remember the time that we had French francs and Italian lire coming out of our ears. We are now using good hard American dollars to maintain and keep going many things that we bought with those foreign currencies years ago in Europe.

Mr. MATTHEWS. Mr. Chairman, the distinguished gentleman's words are, as usual, eloquent and articulate, but I would disagree with him.

I believe our purpose here is to follow the Biblical teaching,

Lay not up for yourselves treasures upon earth, where moth and rust doth corrupt.

We have so many currencies that they are accumulating moth and they will corrupt if we do not do something about them.

I cannot envision any time when there will not be sufficient of these currencies to take care of all the needs of the Appropriations Committee. I would stake my future as a Congressman on that fact.

There are provisions to keep under this bill every lira and every rupee that the Appropriations Committee needs.

I say to my friend from Mississippi [Mr. WHITTEN] we have no desire to take away any authority from the Appropriations Committee.

Mr. WHITTEN. Mr. Chairman, will the gentleman yield?

Mr. MATTHEWS. I yield to the distinguished gentleman from Mississippi.

Mr. WHITTEN. Is the gentleman aware that we have been making loans in most of these countries to put people into the feed business, to increase the number of cattle raised, which products they send to this country? Is the gentleman aware, or was he before today, that we are making loans under Public Law 480 so that they can put in distributorships for American agricultural machinery, so as to increase the production of the very things we are selling in the first instance because of a surplus?

The CHAIRMAN. The time of the gentleman from Florida has expired.

(By unanimous consent, Mr. MATTHEWS was given permission to proceed for an additional 5 minutes.)

Mr. MATTHEWS. Mr. Chairman, in answer to the gentleman, I will say that I always listen to his remarks. He made one of the finest talks this afternoon that I have heard in a long time about that problem. I have been informed.

We must balance that with the fact that we ship most of our wheat production in some years, much of our cotton production in some years, and much of our rice production in some years to these countries. From the standpoint of the overall good of the country we must weigh the bad, one might say, against the good.

I promise the gentleman that our committee will certainly look into that proposition.

Mr. WHITTEN. Will the gentleman do something about it? That is the point. I am going to offer an amendment before long. I hope the gentleman will support it.

Mr. MATTHEWS. I will listen, with attention.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. MATTHEWS. I yield to the chairman of the Committee on Agriculture.

Mr. COOLEY. I wonder if the gentleman from Mississippi can tell us whether he is referring to Public Law 480 transactions or to some other Export-Import Bank transactions.

Mr. WHITTEN. I am referring to the Public Law 480 transactions. We made a Public Law 480 deal with International Harvester, with John Deere, and with Ralston Purina. We have made a Public Law 480 arrangement with Industrial Pecuaría, a Mexican firm, and also with a textile mill in Mexico. We have made a Public Law 480 arrangement with Purina Limitada, in Colombia. All to increase our domestic farm problems.

Mr. COOLEY. From what countries is meat coming into the United States?

Mr. WHITTEN. From practically all of them.

The gentleman was talking about live cattle, which is prohibited, but we are talking about canned meat.

Mr. COOLEY. There is no argument about canned meat.

Mr. COLLIER. Mr. Chairman, will the gentleman yield?

Mr. MATTHEWS. I yield to the distinguished gentleman on the other side of the aisle.

Mr. COLLIER. I thank the gentleman from Florida.

Did I correctly understand the gentleman to say that if these foreign currencies were controlled again by the Congress, or reappropriated, it would result in fact in a sort of double jeopardy type of thing?

Mr. MATTHEWS. As I look at this proposition, as I said at the beginning, the equivalent of every dollar of these foreign currencies has been appropriated by the Appropriations Committee.

These currencies left for the uses of Public Law 480—which is to get rid of agricultural surpluses and to extend our markets—I believe ought not to come

again under the appropriations procedures of the Appropriations Committee. I say that whenever there are other functions of Government, as there have been in the past, the jurisdiction of the Appropriations Committee should continue.

Actually, this proposition is nothing new. All we are trying to do in this bill is to try to make sure that these accumulated currencies are better used under better congressional control.

Mr. COLLIER. The gentleman would agree, however, that these accumulated foreign currencies are in fact U.S. assets as such?

Mr. MATTHEWS. I will agree to that.

Mr. COLLIER. Suppose the Federal Government, as a result of appropriations, purchased a Federal building and at some given time in the future wished to sell that particular asset—whether it be a building or something else—and the proceeds went into the Treasury. Would it not be necessary to reappropriate the funds derived from that sale of that asset? Is this not the same situation?

Mr. MATTHEWS. I do not believe that is the same thing. I think the funds would have to be appropriated, but I think there is a difference there.

Mr. COLLIER. If you reappropriate in sum and substance the accumulated assets of these foreign currencies, then it would be in fact doing the same thing if you were obliged to reappropriate the funds from the sale of an asset originally purchased by an appropriation, and I cannot see the difference.

Mr. MATTHEWS. It seems to me in the future as in the past any uses of these currencies for advance to the State Department and missions abroad should come under the appropriations procedure, but when these currencies are there and are going to be used for agricultural development and for the other facets of Public Law 480 and the money has already been appropriated one time, it should be continued in the future as it has in the past and not have to come under the appropriations procedure again.

Mr. ALBERT. Mr. Chairman, will the gentleman yield?

Mr. MATTHEWS. I am delighted to yield to the majority leader.

Mr. ALBERT. Does it not come down to this: We make appropriations for the Commodity Credit Corporation and we authorize the Commodity Credit Corporation to sell surplus goods for foreign currencies. We authorize the use of those foreign currencies for certain purposes. Does it not come down to almost the same thing as the Marshall plan when we permitted foreign countries to sell their goods and use the proceeds of the sale with the United States having only a veto power? Does it not come down to almost the same thing we provide in other sections of this same law where we can donate surplus commodities? We have provided by law for the purchase of these commodities by the Commodity Credit Corporation and for their sale abroad and for their general use. Are we not going too far if we come back to the Appropriations Committee not with funds that are in the Treasury

but which belong to the Commodity Credit Corporation and require an accounting in advance of every little project we might seek to engage in anywhere in the world?

Mr. MATTHEWS. In my opinion, the gentleman is absolutely correct.

Mr. Chairman, I hope this amendment is defeated.

The CHAIRMAN. The time of the gentleman has again expired.

(Mr. MATTHEWS, at the request of Mr. Bow, was permitted to proceed for 2 additional minutes.)

Mr. BOW. Mr. Chairman, will the gentleman yield to me?

Mr. MATTHEWS. I am delighted to yield to my good friend from Ohio.

Mr. BOW. The gentleman talked about double jeopardy. I just cannot let that pass. When the gentleman refers to the House of Representatives exercising its constitutional authority on appropriations and he calls that jeopardy, I do not think the people are in jeopardy when this great House acts. That would be the first jeopardy. I think the gentleman, by saying they should not have a chance to come back here again to the Congress for authority on how the funds should be used, is showing some possible fear that this Congress will not act properly or perhaps will act carelessly. Just what is wrong with the appropriations process? Why not come back and let us determine it here? It has been said some of these excess and surplus funds can be used to buy arms and they would go to Vietnam to help win the war. Is there any reason at all why if it should go to help buy arms and vehicles of war, that the great Congress, with the people we have here on the Committee on Armed Services and other committees of the House, should not take a look at it? Or are we going to let the people who are operating foreign aid programs begin to make the investments? These currencies are just as much dollars as the greenbacks that we have here. The gentleman really does not feel it is a jeopardy to have the Congress of the United States take a look at this, does he?

Mr. MATTHEWS. Mr. Chairman, I find it so disagreeable to disagree with my beloved friend. When I was first elected to the Congress he came to the city of Gainesville, my hometown, a beautiful area of ferns and palms and azaleas, and welcomed me to the Congress. I love him, but we just do not agree on this particular matter. In my opinion, what you are saying in effect is like when a man asks a beautiful lady to marry him and she says yes. It would seem rather unnecessary to ask her again and have her say yes a second time. In my opinion, what you are saying is you have to go to the Committee on Appropriations two times. I am perfectly willing to go once, but however much I love the gentleman I do not think you should make me go twice, although I am not above doing it if I have to do so.

Mr. THOMSON of Wisconsin. Mr. Chairman, I rise in support of the amendment.

(Mr. THOMSON of Wisconsin asked and was given permission to revise and extend his remarks.)

Mr. THOMSON of Wisconsin. Mr. Chairman, earlier in this discussion I brought to the attention of this committee a program that did not have any supervision from any level of Government, either executive or legislative. And I said then that it is high time that somebody looked after the money that the taxpayers put into this 480 program.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. THOMSON of Wisconsin. I cannot yield at this time.

Mr. COOLEY. I just intend to ask if the gentleman will identify the program he is talking about.

Mr. THOMSON of Wisconsin. The gentleman was here. We were talking about the Athens market project and the \$3 million that had been squandered there. Mr. Chairman, I do not yield further; the gentleman heard this before.

Mr. Chairman, I am surprised that members of the committee have not heard about the wasteful conduct of many of the programs under the 480 program, and I intend to bring them to the attention of this Committee. I just want to make this one point: Eliminate the discrimination that is being practiced against the uses of this money by American citizens. It is true that we appropriate money for the CCC program for price supports. But when those commodities are converted to soft currencies, if our Government wants to use them, if our Embassy wants to use them, if our military wants to use them, they have to be appropriated for that purpose. And that accounts for only 20 percent of the moneys that go into this program. But the vast amount of 80 percent of the money that goes into this program is the money that is used for foreign country purposes, and that is not subject to a second appropriation. Why do you want to discriminate against American uses by turning over, lock, stock, and barrel, 80 percent of these billions of dollars for use by foreign countries without any check by the Congress?

Mr. ROONEY of New York. Mr. Chairman, will the distinguished gentleman yield?

Mr. THOMSON of Wisconsin. I yield to the gentleman from New York.

Mr. ROONEY of New York. Mr. Chairman, we have had a glaring example of the exact matter to which the distinguished gentleman from Wisconsin is referring in connection with the annual appropriation bill for the Departments of State, Justice, and Commerce recently in this very year. The State Department came to us and stated that they wanted \$12 million in foreign currencies to save the Nubian monuments in the River Nile, at Abu-Simbel, which would be drowned by Khrushchev and Soviet money in digging the Aswan Dam. The House Committee on Appropriations turned it down. This House of Representatives unanimously approved that action. The bill then went to the other body. The appropriations committee of the other body appropriated nothing for such purpose and neither did the other body. Now what do you suppose is happening? They expect to use moneys under this

very Public Law 480 program, without the appropriation process by Congress, and give it to Nasser to save these monuments which should have been saved by the private subscriptions of dilettantes in the first place, and not with American taxpayers' money.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. THOMSON of Wisconsin. I yield to the gentleman.

Mr. FINDLEY. Mr. Chairman, on page 12 of the committee report is perhaps the most glaring example of all. You will find there that \$140,613,000 was granted under title I, foreign currencies, to the Communist Government of Yugoslavia, of all things, for economic development—\$140 million.

Mr. THOMSON of Wisconsin. I agree, that is a very shocking revelation.

Mr. BECKER. Mr. Chairman, will the gentleman yield?

Mr. THOMSON of Wisconsin. I yield to the gentleman from New York.

Mr. BECKER. Mr. Chairman, I thank the gentleman for yielding. I want to compliment my colleague, the gentleman from Wisconsin who is in the well. I think one of the most important points of information he brought out a moment ago was when he said that approximately 20 percent of these soft currencies have to be appropriated if used by the Department of State and the military, but as to the other 80 percent, they are able to give it away at will, anywhere they please. I believe this represents a most valid point for the adoption of this amendment.

Mr. THOMSON of Wisconsin. I thank the gentleman for that contribution.

Mr. Chairman, I hope that the members of this Committee will support the amendment.

Mr. DENT. Mr. Chairman, will the gentleman yield for one observation?

Mr. THOMSON of Wisconsin. I yield to the gentleman from Pennsylvania.

Mr. DENT. It might interest the members of the Committee to know that early in the session this Congress voted by a rather overwhelming majority to stop the travel of Members of Congress. It was done under the pretext at that time—and some of us did not enter into the fray because of the personalities that were involved—that a certain Member of Congress had traveled and had used the money unwisely we will say out of the so-called foreign currencies, soft currencies, or whatever you want to call it—counterpart funds—but actually the reason for the stopping of the travel of Members of Congress was that too many Members of Congress were finding out what was happening to American funds overseas.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. WHITTEN. Mr. Chairman, I move to strike the requisite number of words.

(Mr. WHITTEN asked and was given permission to revise and extend his remarks.)

Mr. WHITTEN. Mr. Chairman, I rise in support of the amendment.

(Mr. WHITTEN asked and was given permission to proceed for 5 additional minutes.)

Mr. WHITTEN. Mr. Chairman, it has always been my observation that when we do not want anyone going over the books that perhaps there is a little something to hide.

Much has been said here about the need to exercise discretion and judgment in these programs. But, let me make one or two things plain which I think have not been made clear up to this point.

Mr. Chairman, it has been my privilege to serve as chairman of the Subcommittee on Appropriations of Agriculture for a number of years. Our committee does not have control of the appropriations for the CCC and its various activities in advance.

Our Committee on Appropriations under the law picks up the tab after the money, after the commodities are gone.

May I say to my good friends that there is no one more interested in agriculture than those who might differ with me on this particular point. But the Commodity Credit Corporation is broke, b-r-o-k-e, and you are going to be asked for over \$1 billion by February of next year, and there is no way around it.

Furthermore, some talk as if this foreign currency does not amount to anything. But what we are talking about here are farm commodities into which we have put \$11 billion and given them away insofar as return in cash to our Treasury is concerned. What we have received, is currency of the recipient country, which stays there subject to agreement as to use.

Mr. Chairman, we refer to foreign currencies as though it is wastepaper; of course, you cannot go into a store and spend it here. Of course we know that it is a medium of exchange and whatnot. But in the country where we have used our hard-paid-for commodities to generate foreign currencies; that is, their local currency, that is real currency to them.

Now, Mr. Chairman, that is the reason why I say we need to review this program. This information was placed in the RECORD of August 17, 1964, and I am going to see that it is in the RECORD of today's debate on this legislation.

Our Committee on Appropriations through its investigating process had to conduct an investigation in order to obtain this information because it had been unable to obtain it from any other source. We have it here now.

Mr. Chairman, there has been a great deal of talk about these very, very poor people in these foreign countries that we are assisting. Let us see who some of them are. This is information that any committee handling this program annually should learn about. We have a great deal of problems with respect to beef and meat imports. Do the members of the committee know where these products come from in these foreign countries? Well, there is International Packers, Ltd., of Chicago, Ill., which is located in Argentina; Swift, Armour, La Blanca, and Provita, also located in Argentina; the King Ranch of Kingsville, Tex., which has a similar operation lo-

cated in Argentina; the Chase International Investment Corp. of New York City; American Factors Associates, Ltd., of Honolulu, Hawaii; J. H. Whitney & Co. of New York City; Elders-G. M. Co., Ltd.; Intercontinental Meat Traders, Inc., Ltd., of Brisbane, Australia, which is a subsidiary of Intercontinental Meat Traders, Inc., Chicago, Ill.; the King Ranch Australia, Ltd., associate of the King Ranch in Texas; Mr. Art Linkletter and Mr. Allen T. Chase; the Ralston Purina Co.; the International Foods Corp., a wholly owned subsidiary of Alberti Foods, Inc., Chicago, of which L. K. Alberti, Jr., a U.S. citizen, is president; Mr. Adam Smith, of Miami, Fla.; the United Food Co. of Boston; the Ralston Purina Co. located in Honduras; and many others.

Mr. Chairman, our investigation discloses this. This does not come under this particular bill.

We are now providing 766 U.S. technicians employed overseas in many places including the area where these U.S. investment companies are operating to help them with agricultural programs. We have trained some 3,800 foreigners in this country.

The point I make is this: However you feel about these sundry other programs, in this instance you are dealing with Public Law 480 funds. We have gotten that currency by paying for those agricultural products to our producers, we have sold them in these foreign countries for their currency. In instance after instance in Mexico and several other countries we have made loans for feed production and for feed storage and their imports to the United States of meat and beef have increased greatly, about 370 percent in Mexico over a 5-year period. Yes, with all the problems we have in the textile industry, under Public Law 480 we have money coming from cotton, which we have in surplus, we go to Mexico and we are making Public Law 480 loans of \$258,000 to put them in the textile business. Not only that, but we have decided all these Americans who are operating in Mexico cannot really compete with themselves in the United States with this Mexican machinery. It always breaks down, and it is hard to get. So we take Public Law 480 commodities paid for with American dollars, and sell them for Mexican currency. So we make foreign currency loans to John Deere and International Harvester so they can provide American machinery to U.S. competitors in Mexico. I am not going to call names here, but it is my information that many other people here in Washington are now seeking land in Mexico. We will have to appropriate more money to the Commodity Credit Corporation, and we will generate more surpluses, which we can use to further put ourselves in trouble.

The details are here under an investigation by our committee staff, headed by a man from the Federal Bureau of Investigation and the facts are as I have presented, whether you have followed me or not. I cannot give all the details in my limited time, but if this does not give you a belief that we need somebody to

ride herd on these loans and grants I do not know what it would take. No one is saying we want to destroy 480, I say it is a must, but we are destroying it if it is not properly handled.

Mr. ROONEY of New York. Mr. Chairman, will the distinguished gentleman yield?

Mr. WHITTEN. I yield to my friend, the gentleman from New York.

Mr. ROONEY of New York. I would like to ask the gentleman if it is not the fact that the issue here is not whether the Appropriations Committee shall control this matter of expenditures. The issue is clear: Is the Congress going to control the issue of these valuable currencies that cost billions upon billions of dollars, or are you going to let the bureaucrats downtown do it?

Mr. WHITTEN. I agree with the gentleman absolutely. The subcommittee, of which I am a member, has all the work it wishes and possibly can take care of; but in this instance our investigation shows that we in the United States are putting ourselves out of business with our own programs. These 480 funds have not been used directly, but have been used "to help promote production."

We have other programs in Mexico where we have provided credit so they could farm, U.S. style. Now we have Mexico underselling us around the world in cotton, cattle, and in other things. It is in that area where they are making use of many of these Public Law 480 funds. Read the RECORD.

Mr. JENSEN. Mr. Chairman, will the gentleman yield?

Mr. WHITTEN. I yield to the gentleman from Iowa.

Mr. JENSEN. I want to commend the gentleman from Mississippi [Mr. WHITTEN] and the other Members of the House who have spoken in favor of the pending amendment.

Surely it is about time that this Congress start doing something about this problem which the gentleman from Mississippi has explained so thoroughly and expertly.

I had some experience in this field when I went through a number of years ago and discovered there that our Public Law 480 money had enriched the director who was handling this fund to the tune of a good many hundreds of thousands of dollars. He owned thousands of acres of land and he had business houses all over the place.

I got the lowdown on the gentleman. His name was Mr. Neal. He had been there 12 years, and what abuses that gentleman had carried on with this Public Law 480 money. I asked him if he was going to resign and he said no. I said, "All right, then, I will have you fired," and I got that job done.

That is a good example of what has been going on in too many places in this world. I support the gentleman and hope the amendment is adopted.

Mr. WHITTEN. May I say I have pointed out already examples of where we are putting ourselves in trouble by financing the development of competitive industries abroad. But this amendment is so the Congress can know what is happening. I know this bill provides for an

advisory commission, but there should be a regular year-after-year detailed review of proposals and actions.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. WHITTEN. I yield to the gentleman from North Carolina.

Mr. COOLEY. Has not the gentleman gone to the Department for an explanation of what he is discussing?

Mr. WHITTEN. We have called on the Department to cooperate with our investigators in getting an investigation. They are just halfway through with it. Goodness knows how much more we will have, when we finish.

Mr. COOLEY. If the gentleman is in sympathy with it, does he not think it is better to get it from an administrative agency?

Mr. WHITTEN. I have. In fact, they helped us to get up this information.

Mr. COOLEY. Has the gentleman made it public?

Mr. WHITTEN. We are right in the midst of it. I put that which we have, before the House on August 17. You will find the information in the RECORD.

I believe in this program. I believe the best way to keep it is to keep it clean, and the best way to keep it clean is to take a look at it regularly.

Mrs. KELLY. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I completely oppose this amendment, for many reasons. While I reserve my opinion as far as certain features of Public Law 480 are concerned, I think it is apparent that many of those who oppose foreign aid usually support this Public Law 480 program. This makes the proposition before the House somewhat ridiculous. By proposing to saddle the burden of the Public Law 480 program upon the back of foreign aid, some Members apparently hope to kill both with one blow.

I should like to remind the House that the surpluses we are talking about are all owned and already paid for by the United States. This fact was brought out in the committee report. Consequently, I see no reason why we should have to appropriate dollars for each and every use that is to be made of the foreign currencies generated by these surpluses. The President of the United States needs—and currently has—some measure of flexibility in using those currencies pursuant to broad policies laid down by the Congress. We must allow him to keep this flexibility if the program is to be successful and achieve its goals.

I ask that the amendment be defeated.

Mr. POAGE. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I believe we have completely lost sight of the issue before the House. It is not a question of whether you are for Public Law 480 or not. It is a question of whether you are in favor of changing the law so that all these agreements must be approved in detail before the expenditure is made.

Several speakers have already stated they were opposed to this extension, and they probably would be against any ex-

tension of the program. Most of them have historically opposed the entire 480 program.

Several of those who supported this amendment said they were in favor of the extension of the basic program and that they believed in the program as most of the House unquestionably does. Therefore, if we are to continue the program, then the question is—how do you continue it in a really effective manner?

What is involved in this program? Nobody seems to have recognized the fact that what we do in this program is to make agreements with foreign countries before any goods or currency are spent and before any agricultural products are shipped we must make an agreement with the recipient country and spell out the way in which we are going to use the proceeds from this sale.

If we are required to come here and get a specific appropriation of cruzeiros, pesos, rupees, or any other foreign currency for every item for which it can be spent before we can sign the agreement with that foreign nation, just how many agreements do you think would be signed and just how much of our agricultural products do you think would be moved?

The next to the last gentleman who spoke pointed out that we had to have this program to move agricultural products. We all recognize that. We have the surpluses. They are either going to cost us money for storing them at home, or we are going to move them where they can be used. Under our law we have a series of priorities. If we can use these products to get something that the United States needs, we have to use them that way first. If we cannot get anything we need in exchange for our commodities, then we must give them to certain preferred needy people in the United States. Indians and school lunches come in this second category. Then if we do not have any need for it for Indians, wards of the Government, or for school lunches and the like, then we can give them to any needy person in the United States who is properly certified by the local agencies. Then and only after we find that we do not have any need for them for any needy person in the United States, then, and only then, they can be used for needy people abroad. That is the way the priorities are set up on the use of these surplus agricultural commodities. Is it not better to use them that way than to let them be kept in storage and have to pay storage charges? That is what we do by Public Law 480—we use them in that manner. We then accumulate foreign currencies, many of which we cannot use unless we have some authority to do it. But we have approximately a billion dollars invested in these foreign currencies now.

Now simply to allow them to lie around in foreign banks—and they are not in the Treasury of the United States—they are in foreign banks and not a bit of this currency is here—not a bit of it is in dollars in the U.S. Treasury—and that is all the Committee on Appropriations can appropriate—dollars out of the U.S. Treasury; it cannot

appropriate cattle nor wheat nor cornstarch. It can only appropriate dollars and it cannot appropriate them out of the Bank of India but must appropriate them out of the Treasury of the United States. None of these currencies are dollars and none of them are in the U.S. Treasury. They cannot be appropriated by the Appropriations Committee.

So we seek to have some kind of legislative control just as the gentleman from Mississippi suggested we should have. What we propose is that we have some kind of oversight committee in which this Congress is represented and which there will be legislative representation to make some decision as to how we can use these surplus currencies, which are surplus commodities. They are commodities. They are not money, they are commodities. We propose to use these commodities in a way that will be mutually helpful to the United States and to the recipient country.

Under the existing law, as it stands, the President of the United States can use these surplus commodities.

We have suggested here that we have an advisory committee on which the Congress will be represented. Is there anything so wrong in that? Are we taking away from the Congress some rights? I would suggest to you that the congressional representation here comes from both the majority and the minority, and from the House and from the Senate.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. COOLEY. Mr. Chairman, I ask unanimous consent that the gentleman from Texas may proceed for 5 additional minutes.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. POAGE. Mr. Chairman, I thank the gentleman.

Mr. Chairman, we provide that both Houses shall be represented on this advisory committee. Is that not bringing these activities under some kind of legislative scrutiny, a scrutiny that you can understand—because you can walk in through the door of the Committee on Agriculture and you can get any report that we have.

You can come to our meetings any time you want to. We hold no secret hearings and we publish our reports and findings. We sent our counsel to the Appropriations Committee, only yesterday, to try to see this report to which the gentleman from Mississippi referred. We have not seen it yet. You have not seen it. Unless you are a member of that committee you are not about to see it, my friends.

If the Congress wants to see these things, you had better put them under the control of a committee which opens its doors to the Congress and not somewhere where they will be clouded with a cloak of secrecy, administrative security of some kind.

Yes, the gentleman from Mississippi read from that report. He read 14 names of companies he said borrowed money under Public Law 480 in Australia. In Australia. There has never

been one dime—not one dime—of Public Law 480 money in Australia. There have never been any Public Law 480 sales in Australia. There could not be a bit of Public Law 480 money in Australia.

He read 14 names of companies—I counted them—which he said borrowed money to go into business in competition with American firms in Australia.

Mr. WHITTEN. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield to the gentleman from Mississippi.

Mr. WHITTEN. I wish to correct the gentleman's statement. I did not say that they borrowed money. I listed those who benefited, and those in other channels. I carefully listed those who borrowed under Public Law 480. I did not make that statement.

Mr. POAGE. I am sorry, of course, I may have misunderstood the gentleman. But I counted the names. He named 14 which he said were from Australia.

Mr. WHITTEN. Let us correct the RECORD, then. I did not mean to say so. If I said so I was incorrect. I referred to them as being ones which benefited from various aspects of this program.

Mr. POAGE. That is fine. Let us say that we might name 140 firms in the United States which had borrowed from the Small Business Administration. They would not be helped by Public Law 480, but there would be some implication that they were.

We cannot get the report. We cannot read the report. We cannot identify how the Australian firms got Public Law 480 money, because there was never a dollar of Public Law 480 money in Australia, and the Appropriations Committee will not let you see, or let me see, the report from which the gentleman speaks.

The point I make is that there is too much misunderstanding about Public Law 480. All we have to spend are the foreign currencies that have been traded for surplus agricultural commodities. We have surpluses of these foreign currencies, exactly as we do of the commodities, and what we are now talking about are the surpluses.

We do not wish to have them dissipated by inflation. Inflation is taking place in most of these countries, and at the rate of 1,300 percent in the past 10 years in one of the largest countries in which we are spending this money. Rather than let these assets just disappear, it has been our thought that it would be better to engage in some kind of constructive program which the President and Congress could come into agreement on as a desirable program. That is what we ask you to do.

As a practical matter, you cannot appropriate these currencies. It is another impossibility. You simply cannot write these agreements on the floor of this House. These are agreements. They are negotiated, just like we negotiate treaties. In fact, they become treaties. We cannot sit here and negotiate these things. Even behind the closed doors of the Appropriations Committee it seems unlikely that such treaties could be intelligently negotiated. If that committee should negotiate these

treaties you would not know about it, because you do not know what goes on behind those closed doors of the Appropriations Committee. You would not learn one thing.

You will learn more by having the use of these currencies brought up here before an advisory committee, where we will have an open-door policy such as we have in the Committee on Agriculture.

I must make one more point. The gentleman complained that we are trying to circumscribe the Appropriations Committee. The present law provides that at least 10 percent of these funds shall be used for U.S. Government purposes. They are all subject to the appropriations process now. We would exactly double that in this bill. We require that 20 percent be made available for such uses.

Did we have any animus against the Appropriations Committee? Were we trying to undercut the Appropriations Committee? Read the language. We would exactly double the amount which must be available for the use of the Appropriations Committee.

Mr. WHITTEN. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield to the gentleman from Mississippi.

Mr. WHITTEN. Would the gentleman be willing to have this group report to the full Committee on Agriculture? I certainly would prefer that to having an advisory committee. I make the point that somebody needs to review these actions and to know the whole story and, so help me, I have been unable to find anybody who has or does. I supplied our report on August 17 and again today.

Would the gentleman be willing to accept an amendment of this kind?

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield to the chairman of the committee.

Mr. COOLEY. I call your attention to the fact that we do have a very distinguished chairman of the Oversight Committee, the gentleman from Missouri [Mr. JONES]. Any such complaints as are sent to our committee have been given prompt attention. We have not received any such complaints, and I am surprised to hear of them today.

The CHAIRMAN. The time of the gentleman from Texas has again expired.

(Mr. POAGE asked and was given permission to proceed for 2 additional minutes.)

Mr. POAGE. Mr. Chairman, I would certainly find no objection, other than the very problem I suggested a moment ago, and that is you simply cannot write treaties, you simply cannot write treaties with a large body of people. I think probably the chairman and the ranking minority member of the committee will better express the view of the committee. They will certainly consult with the other members. Certainly on the committee on which I am privileged to serve I have confidence in the chairman consulting with me and with the other members of the committee. We do not hold any closed sessions but hold meetings where everybody knows what is going

on. I am perfectly willing to let the chairman and the ranking minority member represent me, and if I do not like what they are doing, I know that I can express myself so that I think we have a much more efficient operation as we have provided in the bill. However, we do bring these uses under the scrutiny of the Congress. That is the point I want to make.

There is one other point I must make. The gentleman has suggested he was going to offer an amendment to cut down the authority for the Cooley loans. I want to read you what the law says now. It says:

Provided, however, That no such loans shall be made for the manufacture of any products to be exported to the United States in competition with products produced in the United States or for the manufacture or production of any commodity to be marketed in competition with United States agricultural commodities or the products thereof.

If you can write any language that is more binding than that, I have not heard it. If in fact the law is being evaded, then the committee with all of these secret investigators ought to be calling it to the attention of the Department rather than simply saying "We are investigating it and we will report to you at some time in the very distant future." You should be calling it to their attention if you know the law is being violated, because the law is plain and there is no question about what it is.

The CHAIRMAN. The time of the gentleman has again expired.

Mr. JONES of Missouri. Mr. Chairman, I move to strike out the necessary number of words.

(Mr. JONES of Missouri asked and was given permission to revise and extend his remarks.)

Mr. JONES of Missouri. Mr. Chairman, I think the thing we are overlooking here today in this bill is this: I think that the Committee on Agriculture has recognized the fact that there have been some things happening in the use of foreign currencies that are not good. I think we have recognized that, and in discussing it in the committee we have tried to approach it in a way that we thought would correct the things that were wrong. In the bill, beginning on pages 2 and 3, which the gentleman from Illinois proposes to strike out, he would undo everything that the committee has done after thorough deliberation. Again I say we recognize that Public Law 480 has not always been administered in the way that we would like to see it administered. We have attempted to correct that by setting up this advisory committee which would review and report to the President and make recommendations to the President on the way that these funds would be spent. I think we must do this. I think that the gentleman from Texas brought out one point particularly, that it is impossible for this Congress to anticipate—this Congress as a body sitting here in the House of Representatives—to anticipate every contingency that would arise at the time we make the agreements. At the time the agreements are signed we set up the conditions under

which the funds will be used and we say we will make grants or loans, or we will sell surplus commodities for reduced amounts under the conditions under which the sale will be made.

I think it is impossible for us to operate the Public Law 480 program, which I think most of us recognize is necessary under the agricultural program that we have at the present time, without adopting this bill. We do know that we accumulate surpluses that the CCC has. As the gentleman from Texas has said, we have certain priorities as to how these surpluses shall be used. We try to use them in this country. Then we make them available, we try to sell them under the best terms possible, or at least it is the intention of the committee that we sell them under the best terms possible for the benefit of this country, as well as to make the commodities available to foreign countries.

Again I say, if you are going to try here on the floor of the House this afternoon to undo everything that your committee has done after long study, we will be in a bad way.

We had long hearings on this bill. We had many days of executive meetings of the committee to try to arrive at the wording setting up this Advisory Committee. Again I would call attention to the composition of this committee: the Secretary of Agriculture, the Director of the Bureau of the Budget, the Administrator of the Agency for International Development, which gets into the foreign aid program. Then we have the chairman and the ranking member of the House Committee on Agriculture as well as the corresponding members of the committee in the other body. This committee will have the opportunity to make recommendations to correct those things that have brought about the greatest amount of criticism.

I have not been satisfied with the way we have spent some of the money. I have not been satisfied with the lack of control we have had. But I think that this committee offers the most practical way to try to solve this matter. We cannot do it here in the House of Representatives. I do not want to take any power away from the House, but there should be a delegation of authority and I know of no better way to delegate the authority, to make a recommendation to the President as to the use of these excess currencies and whether grants shall be made, than this committee. So I think we would be wise to vote down the amendment offered by the gentleman from Illinois. We will make improvements. I think the wording we have here is a vast improvement over what we have had in the past.

Mr. ZABLOCKI. Mr. Chairman, will the gentleman yield?

Mr. JONES of Missouri. I yield to the gentleman from Wisconsin.

Mr. ZABLOCKI. Mr. Chairman, would not the gentleman agree that the chairman and the ranking member of the House Foreign Affairs Committee, as well as the chairman and the ranking member of the Senate Committee on Foreign Relations, should serve on this Advisory Committee?

Mr. JONES of Missouri. I would not say that they should not serve on it. I think we can get some committees too large. You have on this committee the Administrator of the Agency for International Development. To be perfectly frank with the gentleman, the greatest criticism that has come concerning the use of these funds that have accumulated in many of these countries has been the unrealistic attitude of the Department of State.

The CHAIRMAN. The time of the gentleman from Missouri [Mr. JONES] has expired.

(By unanimous consent (at the request of Mr. ZABLOCKI), Mr. JONES of Missouri was given 2 additional minutes.)

Mr. ZABLOCKI. Mr. Chairman, will the gentleman yield further?

Mr. JONES of Missouri. I yield.

Mr. ZABLOCKI. The purpose of this Advisory Committee, as stated in the report, is to advise the President how special programs will secure to the United States the maximum benefits for the currencies accruing under this program.

Mr. JONES of Missouri. That is right.

Mr. ZABLOCKI. Certainly the chairman and the ranking member of the House Committee on Foreign Affairs and the chairman and the ranking member of the Senate Committee on Foreign Relations would contribute to this Advisory Committee.

Mr. JONES of Missouri. I might reply to the gentleman this way: I would say that if you are going to have those Members on the committee we might take two Members from the House Committee on Appropriations and two from the Senate Committee on Appropriations; then someone will say that we are using part of these funds for defense, so we should take two representatives each from the House and Senate Committees on Defense. So you would get an unwieldy committee. I think we have set this up in a practical way. I think we have individuals on this committee who could make the recommendations that would be helpful in operating the program.

Mr. ZABLOCKI. Mr. Chairman, I would like to have the gentleman support the amendment that I intend to offer which will add to the advisory committee Members from the Foreign Affairs Committee of the House and the Foreign Relations Committee of the Senate.

Mr. JONES of Missouri. I will be glad to listen to the gentleman when he presents his amendment.

Mr. ADAIR. Mr. Chairman, I move to strike the requisite number of words.

(Mr. ADAIR asked and was given permission to revise and extend his remarks.)

Mr. ADAIR. Mr. Chairman, reference has been made here repeatedly this afternoon to the fact that the operation of this law is in effect an aspect of our foreign aid program. Certainly this is true. We have pointed this out in previous debates relating to the foreign aid program in its broadest sense.

Mr. Chairman, the gentleman from Wisconsin has just posed a question which I believe underscores the fact that this is a part of foreign aid when he indicates that it is his desire to offer an

amendment which would include on the supervisory committee representatives of the Committee on Foreign Affairs, a view which I support.

Since this is foreign aid, then it ought to be operated under rules, regulations, and laws similar to those that through the years we have been able to write into the foreign aid program.

This body and the other body have repeatedly written in regulations, guidelines, and restrictions with respect to the expenditure of our foreign aid moneys. Those restrictions and guidelines do not exist to any great degree with respect to Public Law 480 funds.

Mr. Chairman, I believe the adoption of this amendment would go far to assure that this law, which is generally desirable, would be more properly handled.

Therefore, I would urge the Committee to adopt the amendment offered by the gentleman from Illinois [Mr. FINDLEY].

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. Yes, I yield to the gentleman from Illinois.

Mr. FINDLEY. If I may—I sought recognition a little bit earlier for the purpose of asking the gentleman from Texas [Mr. POAGE] a question, and if I may at this point direct a question to him—he stated in his remarks that the foreign currencies are not in the U.S. Treasury and, of course, that is true. But they are on deposit in foreign banks credited to the Treasury of the United States. If that is so, why is it not proper that this money be subject to the appropriations route?

Mr. POAGE. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. Yes, I yield to the gentleman from Texas.

Mr. POAGE. Because the Appropriations Committee has no authority to appropriate anything except "dollars in the U.S. Treasury." These are not "dollars." The currency is not "in the U.S. Treasury" and does not belong to the U.S. Treasury. It belongs to the Department of Agriculture.

Mr. FINDLEY. Mr. Chairman, if the gentleman from Indiana will yield further, apparently the Committee on Appropriations is way out of bounds in appropriating the money for U.S. uses with which to purchase the 20 percent of the local currency proceeds.

Mr. POAGE. No; because the Committee on Appropriations appropriates dollars with which to buy these foreign currencies, and that is perfectly proper. The Committee on Agriculture thinks it is perfectly proper for them to do this and we have never sought to interfere with their prerogative to control the expenditure of the regular agencies of our Government.

Mr. FINDLEY. If the gentleman from Indiana will yield further, what is wrong with the Committee on Appropriations appropriating funds for the purchase of the currencies that are on deposit to the credit of the U.S. Treasury? Is not this legal money?

Mr. POAGE. In the first place it is not "to the credit of the U.S. Treasury" but "to the credit of the Department of

Agriculture." In the next place it is not dollars. There is no legal authority in the Appropriations Committee to appropriate anything except dollars. In the third place, if they could do that they could appropriate land or buildings or wheat or cotton or cattle or anything else that the United States might own. Is cotton and cattle dollars?

Mr. BOW. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman from Ohio.

Mr. BOW. Mr. Chairman, I want to say to the gentleman from Texas that I do not think he wants to leave his statement to the effect that there is no provision for appropriation of the foreign currencies. Under Public Law 1415 of which our former colleague from Michigan, Mr. Rabaut, was the author, there is provision and it requires such to be done at the present time. What you are now operating under is an exception. Actually, the law of the Congress is that they shall be and we do have the authority under the Rabaut amendment to that law to make those appropriations.

Mr. POAGE. I believe it is clear that the exception is exactly the other way. I think the gentleman is correct, that there is an exception specifically set out in the law providing for certain authority on the part of the Committee on Appropriations. In fact this last spring there was an amendment to the Foreign Assistance Act known as the Reid of New York amendment which came up and which was adopted by the House, and I took the floor at that time and pointed out how utterly inconsistent the policy was and that it was an unsound policy.

I think that there are one or two exceptions, such as the gentleman suggests, but the exceptions are the ones that give the Appropriations Committee authority and it is not the general rule.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. FINDLEY].

The question was taken; and (on a division demanded by Mr. Bow) there were—ayes 79, noes 72.

Mr. COOLEY. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. FINDLEY and Mr. MATTHEWS.

The Committee again divided, and the tellers reported that there were—ayes 125, noes 96.

So the amendment was agreed to.

Mr. ROONEY of New York. Mr. Chairman, I have an amendment pending at the Clerk's desk which I am very happy to withdraw at this point.

AMENDMENT OFFERED BY MR. FINDLEY

Mr. FINDLEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FINDLEY: Page 1, line 8, strike "1967" and insert "1966".

Page 1, line 9, strike "\$4,000,000,000" and insert "\$2,700,000,000".

Page 4, line 7, strike "1967" and insert "1966".

Page 4, line 8, strike lines 8 through 16 and insert in lieu thereof the following:

"(8) Section 203 of such Act is amended (i) by striking out '1961' and substituting '1965'; (ii) by striking out '1964' and sub-

stituting '1966'; (iii) by striking out '\$300,000,000', and substituting '\$375,000,000'; and (iv) by inserting after 'charges for general average contributions arising out of the ocean transport of commodities transferred pursuant hereto' the following: 'or donated under said section 416, section 308 of this Act or section 9 of the Act of September 6, 1958 (72 Stat. 1790)'. Clauses (i), (ii), and (iii) hereof shall not become effective until January 1, 1965."

Mr. FINDLEY. Mr. Chairman, this is a very simple amendment although it is somewhat lengthy.

In effect, this amendment makes this a 2-year authorization instead of 3 years. It changes the dollar amounts for title I and title II to exactly the same levels as provided by the other body in the legislation already passed in that body. So it makes it in conformity with the language of the other body as to the length of the extension and as to the dollar amount. The total dollar amount on a yearly average provided in this amendment is almost exactly the same as the total dollar volume, figured on an annual basis, authorized for these two titles in the House version. So there is no substantial change in the amount of money available for purposes of title I and title II but it does reduce the authorization to a 2-year period. Congress will have a chance to look at an authorization bill again in 2 years, instead of 3.

Mr. POAGE. Mr. Chairman, I rise in opposition to the pending amendment.

Mr. Chairman, much can be said about the length of time for which it is most desirable to extend this act, and I think there is a good deal that can be said for a shorter period of time. This amendment like the preceding amendment is a very simple amendment. It is just simple enough that it is intended to destroy the bill and pretty well does so.

Now we have to face up to it here in the House of Representatives as to whether we want Public Law 480 or not. If we want a Public Law 480, we have to pass a bill that can be administered and which will carry out a program of disposing of agricultural products. I would call to the attention of those who are peculiarly interested in a foreign aid bill that if you put this under foreign aid and if you make foreign aid that much larger, I think then that the most ardent advocate of foreign aid knows that he is not going to pass any more foreign aid bills. The most ardent advocate of foreign aid cannot want this added to foreign aid because it will make your foreign aid bill so heavy that you cannot possibly pass it. Those who are primarily interested in this bill from an agricultural standpoint certainly must want a bill that continues a program to dispose of agricultural commodities rather than substitute a foreign aid program for it.

Of course, the amendment that was just adopted a moment ago substitutes a foreign aid program for an agricultural program. Besides, it is perfectly obvious that you can never achieve the disposal of agricultural commodities under the amendment recently adopted and you are making a 100-percent foreign aid bill out of this bill. I know that there is some foreign aid in this program, but it ought to be simply the ancillary results.

It should not be the basic objective of the program. The basic objective of this bill should be and has been to dispose of agricultural surpluses.

You have changed that already in this bill. If you want to go another step and make it more difficult of administration, you will go further and further toward placing this legislation purely in the category of foreign aid.

No matter what your thoughts may be on foreign aid, you must oppose this amendment, because if you are interested in agriculture, you must want to maintain an agricultural program. If you are interested in foreign aid per se, you simply do not dare attach it to foreign aid, for you know you will sink foreign aid.

All of you who want to sink this bill ought to support this amendment, because it is a good amendment for destroying the bill. It is almost as helpful in that regard as the one just passed.

The amendment just passed, of course, took out some 90 percent of the agricultural aspects of this bill, to make it per se a foreign aid bill.

This amendment will take it one step further toward placing it along with foreign aid each and every year. It will be for only 1 year the next time. This will be made a 1-year bill, and then it will come up along with the foreign aid bill and you will have them together. Just try passing them together. I do not believe you can do it. Therefore, in behalf of both agriculture and foreign aid, I urge you to reject this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. FINDLEY].

The question was taken; and on a division (demanded by Mr. FINDLEY) there were—ayes 61, noes 84.

So the amendment was rejected.

AMENDMENT OFFERED BY MR. FINDLEY

Mr. FINDLEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FINDLEY: On page 5, line 17, insert the following:

"(11) Section 107 of such act is amended by striking the phrase '(2) any nation or area dominated or controlled by the foreign government or foreign organization controlling the world Communist movement' and inserting in lieu thereof the phrase '(2) any nation or area dominated or controlled by a Communist government or by the world Communist movement'."

Mr. FINDLEY. Mr. Chairman, the purpose of this amendment is to tighten the definition of friendly governments so as to exclude from the benefits under title I alone—and this amendment applies only to title I transactions—Communist dominated governments like those of Yugoslavia and Poland.

The language in section 107 now reads:

Any nation or area dominated or controlled by the foreign government or foreign organization controlling the world Communist movement.

Apparently it is so loosely worded that our Government has been able at times to interpret the Yugoslav and Polish Governments as not being under Communist domination. The new language

which I recommend would state "any nation or area dominated or controlled by any Communist government or by the world Communist movement." My interpretation of this latter definition would definitely exclude Yugoslavia and Poland and perhaps in the future such countries as British Guinea, which is currently either under the domination of the Communists or likely to be.

I call the attention of this body to the committee report on pages 12 and 32. At the bottom of page 12 is a table showing the uses of foreign currency as provided in title I, Public Law 480. You will see there listed Poland for \$534,651,000 in title I agreements during the years of Public Law 480, and Yugoslavia is down for an even larger amount of \$637,753,000.

If you will examine the data about Yugoslavia in greater detail, you will find \$140,613,000 was granted to this Communist government for economic development and \$391,177,000 was loaned to this very same Communist government. It amounts, for practical purposes, to 83 percent grants aiding the Communist Government of Yugoslavia.

If you will examine what happened with Poland, you will find there that the aid to the Polish Government amounts to 91 percent of the total value of transactions.

This amendment, if accepted, would not stop the donation of food through titles II and III either on a government-to-government basis or through CARE and other charitable agencies to benefit the people of these two Communist governments. It would affect only title I transactions.

I hope this body will accept this amendment because very clearly the taxpayers of the United States have been financing an immense amount of foreign aid to the Communist Governments of Yugoslavia and Poland.

Mr. Chairman, I yield back the balance of my time.

Mr. COOLEY. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I just want to say that my recollection is an official determination has been made by a representative of the Government to the effect that Poland was no longer dominated by the Communist international movement. Furthermore, a statement has been made to the effect that grants have been made to Poland of economic aid. I am not aware of any such grants being made. I would like to ask the gentleman from Illinois [Mr. FINDLEY] the source of his information that we have been making grants to Poland for economic development and aid.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman.

Mr. FINDLEY. If I said that, I did not mean to. I was referring at that point to Yugoslavia, and in the table at the bottom of page 12 it very clearly shows 104(e) grants for economic development for Yugoslavia amounting to \$140,613,000.

Mr. COOLEY. All of the Polish money you mentioned is for U.S. usage. It is somewhat over \$533 million. That is locked up in a vault. We will not use it and will not permit Poland to use it, and it will be a year or two before anything will be done with it. What do you seek to accomplish by this amendment, may I ask the gentleman?

Mr. FINDLEY. To stop further foolishness at this time. I know we cannot back down but perhaps we can at least restrain future administrations from handing foreign aid over to Communist governments.

Mr. COOLEY. I say this is not foreign aid. We have the foreign currencies now.

Mr. FINDLEY. But the gentleman will agree, I am sure, that it is tied up so tight in the rules and regulations accepted as part of title I agreements that the taxpayers have virtually no chance to get any utility out of these funds.

Mr. COOLEY. But we know there were no grants. This money was primarily by Public Law 480 sales. The money is there.

We have not yet directed the use of it. Mr. Chairman, I do not think we can accomplish anything by the amendment.

Mr. FINDLEY. It will stop the accumulation of new moneys at taxpayer expense in the capitals of Yugoslavia and Poland.

Mr. COOLEY. I think Mr. Dulles, your former distinguished Secretary of State, made the determination concerning Poland.

Mr. FINDLEY. If he did, it was a bad one.

Mr. COOLEY. Mr. Chairman, I do not think we ought to accept the amendment. I do not accept the amendment. I hope it will be defeated because I think it will bring about further complications and frustrations.

Mrs. KELLY. Mr. Chairman, will the gentleman yield.

Mr. COOLEY. I yield to the gentleman from New York.

Mrs. KELLY. Mr. Chairman, under the original law the use of the moneys and the restrictions of the sales to friendly nations were incorporated in my amendment. However, as has been stated, Secretary of State Dulles under a previous administration had to write a letter to the Committee on Foreign Affairs declaring Poland no longer under the domination of the Communist International movement. Therefore, under that letter aid to Poland or sales to Poland were made. Further uses of this currency, as far as that is concerned, requires a letter from the Department.

Therefore I oppose this amendment and hope it is defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois.

The amendment was rejected.

AMENDMENT OFFERED BY MR. WHITTEN

Mr. WHITTEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WHITTEN: Strike out subsection (3) page 2, and substitute the following new subsection:

"(U) none of the foreign currencies generated under this Act shall be used to promote or to help promote, or to increase production or to assist in increasing production of any farm commodity units of which shall have been exported from such country in the preceding calendar year, in competition with production in the United States.

Change the letter "(U)" in line 17 to the letter "(V)".

(Mr. WHITTEN asked and was given permission to revise and extend his remarks.)

Mr. WHITTEN. Mr. Chairman, the present act prohibits the use of any foreign currencies for the manufacture or production of commodities in competition with the United States. That is in the present law. Let me show you what they have done under that section; and I shall not belabor the Committee with all the information that I gave before. But in Mexico the Ralston Purina Co. of St. Louis received a Public Law 480 loan in December 1958, for the purpose of financing facilities for the cultivation, manufacture, storage and sale of animal feed. Also for the construction of a sesame solvent plant. The American Embassy in Mexico had earlier advised against this loan, though there was a subsequent reversal.

Then Industrial Pecuaría, S. A., a Mexican firm, 50 percent of which is owned in Minneapolis, Minn., received a Public Law 480 loan of \$800,000 for the purpose of financing facilities for the production and storage of animal feed.

The point I make is that while the law prohibits the use of these currencies to manufacture or produce commodities that are being used to do those things, they do lead to the manufacture or production of these commodities that make trouble in the United States. Not only is that true, but Textile Morelos in Mexico, which is 50 percent owned by Burlington Industries of North Carolina, received a Public Law 480 loan of some \$258,000 to be used to acquire textile production facilities in Mexico.

I point these out to you to show that while the law prohibits the use of funds for manufacture and production, it is being used regularly to do those related things that result in an increase in production which creates problems for us, including adding to our surpluses.

Now, Mr. Chairman, in Mexico too may I say that under Public Law 480 funds generated here, notwithstanding the prohibition in the law, they have made one, two, three loans in addition to the ones I have already mentioned.

We have made loans so that these John Deere and International Harvester could open up Mexican branches for distribution of their products thus adding to the competitive position of Mexican production.

Mr. Chairman, the language contained in my proposed amendment in a few and simple words says that that is not the intent of the law and you are not permitted to do it.

I say that needs another prohibition. I say they shall not be used to help promote or to promote or increase production or to help increase production of any commodity, units of which they have been exporting in the preceding year, if it is in competition with U.S. production.

Mr. Chairman, I hope the members of the Committee will adopt the amendment.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. WHITTEN. I yield to the gentleman from Illinois.

Mr. FINDLEY. Mr. Chairman, I would like to commend the gentleman from Mississippi for offering this amendment and I support it.

I would like to add that nothing would illustrate more dramatically the need for us to go the appropriations route, as we just did through the adoption of the amendment which I offered, for the purpose that a clarification of this language is needed.

Mr. WHITTEN. I thank the gentleman.

Mr. HOEVEN. Mr. Chairman, will the gentleman yield?

Mr. WHITTEN. I yield to the gentleman from Iowa.

Mr. HOEVEN. I want to associate myself with comments of the gentleman from Mississippi and say that I shall support his amendment. I hope that the amendment will prevail.

Mr. WHITTEN. I thank the gentleman.

Mr. COOLEY. Mr. Chairman, I rise in opposition to the amendment.

(Mr. COOLEY asked and was given permission to revise and extend his remarks.)

Mr. COOLEY. Mr. Chairman, I shall be very brief. I only want to call attention to this provision of the law:

No such loan shall be made for the manufacture of any products to be exported to the United States in competition with products produced in the United States, or for the manufacture or production of any commodity to be marketed in competition with U.S. agricultural commodities or the production thereof.

Mr. Chairman, how could the English language be written more clearly than that?

Mr. WHITTEN. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. Is the gentleman from Mississippi aware of this language in the law?

Mr. WHITTEN. If the gentleman will yield, I am. But was the gentleman from North Carolina aware of the fact we have been making loans with which to put these people into the feed business so as to increase their cattle production?

Mr. COOLEY. I certainly—

Mr. WHITTEN. Does the gentleman know that we have been making loans with which to put them into the textile business?

Mr. COOLEY. Let me answer the question.

Mr. WHITTEN. That is, to put them into the textile business and to enable those products to come back into the United States?

Mr. COOLEY. If the Ralston Purina Co. to which the gentleman from Mississippi has referred built a plant in Mexico to produce feed, so what? It is providing a market for American machinery. However, the gentleman refers to cattle coming back into the United States from other countries.

Mr. WHITTEN. Yes, from Mexico.

Mr. COOLEY. When the gentleman says that, he is actually indicting the integrity of the people who are administering the program.

Mr. WHITTEN. Does the gentleman agree that these incidents I have mentioned, if done, were in violation of the law?

Mr. COOLEY. No; I do not agree with that. I think you have put your own interpretation on the purpose of it and have impugned the motives of the people who administer the program. I do not know whether all this is supposed to have happened under the Eisenhower administration or by whom, but I think it is unfair for you to come in at the very last minute when we are getting ready for the final vote on this bill and throw all of this stuff out here to smear this program and ruin the program.

Mr. WHITTEN. This information has been in the RECORD since August 17 in great detail.

Mr. COOLEY. You just said it was something new.

Mr. WHITTEN. No, I used it on the floor in the debate the other day. I cited it and put it in the RECORD.

May I say that I had not released it earlier because it is only an interim report and we are still conducting the investigation.

Mr. COOLEY. Why have you not sent it to the Department of Agriculture and asked them for an investigation of it?

Mr. WHITTEN. The Department is assisting us.

Mr. COOLEY. Why do you not give it to them?

Mr. WHITTEN. This is the first chance I have had to go into it except when it was initially offered.

Mr. COOLEY. This does not have anything to do with this program. I do not think you ought to try to undercut the program by putting this thing in here.

Mr. Chairman, I ask that the amendment be defeated.

Mr. CHAIRMAN. The question is on the amendment offered by the gentleman from Mississippi [Mr. WHITTEN].

The question was taken; and on a division (demanded by Mr. COOLEY) there were—ayes 80, noes 70.

Mr. COOLEY. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. WHITTEN and Mr. MATTHEWS.

The Committee again divided, and the tellers reported that there were—ayes 103, noes 83.

So the amendment was agreed to.

AMENDMENT OFFERED BY MR. ROGERS OF FLORIDA

Mr. ROGERS of Florida. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ROGERS of Florida: Page 4, immediately after line 2, insert the following:

"(6) Section 107 of such Act is amended by adding at the end thereof the following: 'For the purposes of titles I and IV of this Act, the term "friendly nation" shall not include any country which—

"permits ships or aircraft under its registry to transport to or from Cuba (excluding United States installations in Cuba) any equipment, materials, or commodities; so long as Cuba is governed by the Castro regime'."

And renumber the following paragraphs accordingly.

(Mr. ROGERS of Florida asked and was given permission to revise and extend his remarks.)

Mr. POAGE. Mr. Chairman, will the gentleman yield?

Mr. ROGERS of Florida. I will be glad to yield to the gentleman from Texas.

Mr. POAGE. It seems to me this will not cost anything. I think the amendment should be accepted.

Mr. ROGERS of Florida. Mr. Chairman, this amendment is similar to one which Congressman DANTE FASCELL and I sponsored to the 1963 foreign aid bill. The House adopted that amendment, it was retained in conference, and became part of the law. That amendment prohibited U.S. aid going to any country which allows ships or aircraft of its registry to call in Cuba as long as Cuba is dominated by the Communist Castro regime.

The amendment which I offer today applies that same principle to the Public Law 480 program by prohibiting any U.S. surplus foodstuffs going to a foreign nation which does not agree with the stated policy of this country that Fidel Castro's Cuba must not be aided in any way.

My amendment states that for the purposes of the Public Law 480 program, "friendly nations" are not those which have ships or aircraft going to or from Cuba. The effect of my amendment would be to prohibit surplus Public Law 480 foodstuffs going to any country which allows its ships or airplanes to call in Cuba.

Castro's island is heavily dependent upon ocean transportation. Because this is the only practical means of keeping Cuba supplied, I am sure the House will agree that any effort which can be made to reduce the ship traffic to the island of Cuba will be a blow in favor of weakening the Communist regime there. Those nations which allow their ships to aid Cuba are doing Castro great service and doing great disservice to Uncle Sam and the free world. Consider the fact that during 1963, Greece received almost \$10 million worth of Public Law 480 foods, yet 99 ships bearing the Greek flag called in Cuba last year. Yugoslavia allowed 12 ships to go to Cuba for Castro, yet Uncle Sam delivered \$79.8 million worth of surplus U.S. food to Yugoslavia during the same period last year. Morocco also sent ships to Cuba in 1963, and of course received Public Law 480 benefits at the same time.

This amendment has already been accepted in principle by the Congress as a result of adoption into the 1963, foreign aid bill. In 1962, an amendment which I offered to the foreign aid bill was also adopted, prohibiting U.S. aid going to any country which aids Cuba. Thus another precedent stands for the adoption of this principle I offer today.

Finally, Mr. Chairman, this amendment will strengthen America's hand in dealing with other nations. This amendment can be another useful weapon in our cold war arsenal. I urge its adoption by the House for greater consistency in our foreign policy.

Mr. WELTNER. Mr. Chairman, I wish to commend the gentleman from Florida for offering this amendment, and for his continued efforts relating to the isolation of Cuba, and the eventual downfall of communism on that unhappy island.

Certainly, this amendment is in keeping with commonsense, and with our national commitment to rid the Western Hemisphere of the evils of Communist subversion.

I support this amendment wholeheartedly, and trust that it will be passed by this body.

Mr. HOEVEN. Mr. Chairman, will the gentleman yield?

Mr. ROGERS of Florida. I yield to the gentleman from Iowa.

Mr. HOEVEN. The gentleman's amendment is similar to an amendment to the foreign aid bill?

Mr. ROGERS of Florida. That is correct.

Mr. HOEVEN. As far as I am concerned, I will accept the amendment.

Mr. ROGERS of Florida. I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Florida.

The amendment was agreed to.

AMENDMENT OFFERED BY MR. OLIVER P. BOLTON

Mr. OLIVER P. BOLTON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. OLIVER P. BOLTON: Page 5, immediately after line 17, insert the following:

"(11) Section 107 of such Act is amended by inserting immediately before the period at the end thereof the following: ', or (3) the United Arab Republic'."

Mr. OLIVER P. BOLTON. Mr. Chairman, very briefly, this amendment would define again the definition of what friendly nations can be given food under section 107. It would except the United Arab Republic from the definition of friendly nations.

I call attention to section 105 of the foreign aid bill. There is an amendment put in by the Senate, which reads as follows:

No assistance shall be provided under this or any other Act, and no sales shall be made under the Agricultural Trade Development and Assistance Act of 1954, to any country which the President determines is engaging in or preparing for aggressive military efforts.

At that time in the debate in the Senate, Senator HUBERT HUMPHREY said, and I quote:

I am not opposed to the Senator's amendment. Why not name the countries? Egypt is the object of the amendment. Let us name Egypt in the bill. Let us do as we did in the case of Indonesia a while ago. There appears little doubt that Nasser was responsible for the attack on the Yemen, and I favor cutting out our aid to Egypt.

This was said in discussing the amendment in the foreign aid act which I just read. However, the President has not seen fit to determine that an aggression is going on and is being perpetrated by the United Arab Republic at a time when our negotiator went in and made a compact with the United Nations and with Egypt whereby we participated in a deal where we would recognize the new government of Yemen that was supported by the United Arab Republic and in return for that the United Arab Republic agreed that they would start pulling out their troops which at that time numbered around 12,000.

At the present time there are estimated as of today to be about 40,000 Egyptian troops in Yemen. They have been carrying on a constant war there.

In addition to that, they have threatened Saudi Arabia. They have threatened the peace of that whole area to the point where they have forced the United States and Great Britain to agree to withdraw from two of our largest bases in that whole area and they have been able to take the funds which are grants of grain to them in exchange for local currency and they have been able to conclude with the Soviet an exchange compact on cotton which has permitted them to receive arms and to receive other goods and at the same time are engaging in every way possible to develop missiles and other articles of war which will permit them to attack their neighbors and in particular the State of Israel.

We have declared it as a policy of the U.S. Government that we will not give food to those countries who are aggressors and who are disturbing the peace of the world. Yet, there has been no determination under the responsibility of the Department of State and the President to call the United Arab Republic aggressors. I think it is high time that we recognized the facts of life.

There will be the objection made to this amendment that this will tie the hands of the State Department. Contrarywise, this amendment will not take effect until fiscal year 1966 at the earliest. It will probably not take effect until the end of calendar year 1966 because the shipments are so far behind the authorizations and gives the State Department a year and a half to 2 years to say to Egypt—"Now look, this is what our Congress has said and unless you start living up to your word our hands are tied because of the policy set by the Representatives of our people and our country."

Therefore, they will be put in a stronger position to deal with the United Arab Republic.

In addition to that, complaint will be made that there is no precedent for this. In Public Law 480 today the U.S.S.R. is specifically exempted from those that are friendly nations. In addition to that, at

the request of the State Department, recently in the other body the Red Chinese Government was specifically exempted.

So there is precedent for the Congress stating its policy in black and white terms. I urge the House to state specifically that we will not ship any Public Law 480 food to the United Arab Republic.

Mr. ADAIR. Mr. Chairman, will the gentleman yield?

Mr. OLIVER P. BOLTON. I yield gladly to the gentleman from Indiana.

Mr. ADAIR. In line with what the gentleman from Ohio has just been saying, it is interesting to note that press dispatches today indicate that Saudi Arabia is deeply concerned over the possibility of attack by Mr. Nasser and Egypt. We all know of the recent activity of the Egyptian troops in Yemen, and if that should be successful—the evidence indicates it has been only partially so up to now—then there is danger of extension of the war into Saudi Arabia. With those facts in mind, I strongly urge the Committee and the House to support the gentleman's amendment.

Mr. OLIVER P. BOLTON. I thank the gentleman from Indiana.

Mr. RUMSFELD. Mr. Chairman, will the gentleman yield?

Mr. OLIVER P. BOLTON. I yield to the gentleman from Illinois.

Mr. RUMSFELD. Mr. Chairman, I thank the gentleman for yielding. I rise in support of the Bolton amendment and strongly urge that it be adopted by the Committee.

I support Public Law 480 and the food-for-peace program and fully intend to support this bill. However, in view of the numerous instances of aggression by the United Arab Republic against other nations in the Near East and particularly Israel, as well as Colonel Nasser's continued anti-American statements and policies it would be folly to continue our assistance to the United Arab Republic under this program. By continuing our assistance we enable the United Arab Republic to accelerate its arms buildup rather than applying its resources to meeting the needs of its people.

Mr. Chairman, I want to commend the very able and diligent gentleman from Ohio [Mr. BOLTON] for the outstanding contribution he has made here today. I am pleased to join such an outstanding legislator in support of this amendment.

Mr. OLIVER P. BOLTON. Mr. Chairman, the matter to which I have referred is as follows:

REPORT BY THE SECRETARY GENERAL TO THE SECURITY COUNCIL ON THE FUNCTIONING OF THE UNITED NATIONS YEMEN OBSERVATION MISSION AND THE IMPLEMENTATION OF THE TERMS OF DISENGAGEMENT COVERING THE PERIOD FROM MAY 4 TO JULY 4, 1964

1. In my last report on the functioning of the United Nations Yemen Observation Mission, which was submitted to the Security Council on May 4, 1964 (S. 5681) I stated my intention to extend the mission for a further period of 2 months, that is, until July 4, 1964, and this has been done (S. 5681 Add. 1). The mission has continued to operate over this latest period under the direction of Mr. Pier P. Spinelli, my Special Representative for

Yemen, and, during his absence from the area for health reasons, under that of the Chief of Staff of the Mission, Col. S. C. Sabharwal. There has been no significant change in the method of operation of the mission or in the deployment of its staff of 25 United Nations military observers. Caribou aircraft of the Royal Canadian Air Force continue to support the mission.

2. The formal mandate of the mission continues to be to observe the implementation of the disengagement agreement, under the main provisions of which a demilitarized zone was established on the northern frontier between Saudi Arabia and Yemen; Saudi Arabia undertook to cease providing aid and support to the royalists of Yemen and to prohibit the use of its territory by royalist leaders for the purpose of carrying on the struggle in Yemen; and the United Arab Republic agreed to carry out a phased disengagement of its troops from Yemen.

3. United Nations observers stationed on the northern frontier have continued to observe traffic crossing the border by the main routes. There has been a steady, though small, traffic in civilian supplies, but no military supplies have been noted. From time to time, however, armed royalists in small numbers have crossed the border in either direction.

4. As to the strength of the United Arab Republic troops in Yemen, the observers stationed at Hodeida have reported that some 2,800 troops arrived there by sea during the period of this report; about 1,000 of these, however, were thought to be troops of the Yemen Arab Republic returning to the country after undergoing training in Egypt.

During the same period, some 3,000 United Arab Republic troops were reported by observers to have left Hodeida. Taking into account movements by air, in which there is usually a net balance of troops leaving the country, it is estimated that there has been a reduction of some 3,000 troops in the total strength of the United Arab Republic force in Yemen.

5. The formation in Yemen, at the beginning of May, of a government of broader composition under Gen. Hammoud Jafri, as Prime Minister, gave promise of an improvement in the political stability and independence of the country. The new government promptly assured me of its desire for good and peaceful relations with all of Yemen's neighbors. The formation of this government, however, has not resulted to date in any accommodation with the royalist leaders, who have continued to hold out in various mountainous areas in north Yemen.

6. On the whole, the military situation in Yemen has remained fairly quiet over the past 2 months. Royalist attacks on United Arab Republic positions in the Hajja and Sada area are reported to have been repulsed with a number of casualties in the latter half of May. United Arab Republic units are reported to have launched aerial bombing attacks on those and other occasions. The military stalemate appears to continue.

7. While no military aid by Saudi Arabia to the royalists of Yemen has been observed during the period of this report, and while some slight progress in United Arab Republic troop reduction appears to have occurred, the implementation of the disengagement agreement is still far from complete insofar as the United Arab Republic troops in Yemen are concerned. This, of course, is the primary concern of the two parties to the disengagement agreement. The terms of that agreement give the United Nations no role beyond observation and reporting with regard to its implementation. The United Nations, therefore, cannot insure that it will be carried out. In my previous reports I expressed the hope that further progress toward disengagement and toward an understanding to cooperate in promoting political progress and

stability in Yemen would result from high-level talks between representatives of the Governments of Saudi Arabia and the United Arab Republic, noting that some preliminary discussions had taken place. I am now even more strongly of the view that real progress toward these ends can be hoped for only through such high-level discussions. This means, of course, talks between Crown Prince Faisal and President Nasser. There would appear to be continuing improvement in the general relations between Saudi Arabia and the United Arab Republic. However, there appears to be no indication that a high-level meeting between these two parties on the Yemen problem is imminent.

8. I believe that the Yemen Observation Mission, despite its unusually limited function and authority, has helped toward removing the threat to international peace and security implicit in the Yemen problem and toward keeping open the possibilities for a final settlement. With a view to providing a further opportunity for negotiations, I consider it advisable to extend the mission after July 4 for another 2 months. I take this position with some reluctance, however, in view of the fact that during its year of operation the mission in Yemen has been able to observe and report only a disappointing measure of disengagement, in particular as regards the withdrawal of United Arab Republic troops. I feel obliged, therefore, to appeal most urgently to the parties concerned to meet at the highest level in the near future with a view to achieving full and rapid implementation of the disengagement agreement. I also feel bound to advise the Council that if this new period of 2 months were to register no substantial progress toward fulfillment or the firm prospect of imminent fulfillment, I would find it difficult to envisage a further extension of the mission in its present form, and with its present terms of reference and purpose.

9. I have ascertained from the Permanent Representative of the Governments of Saudi Arabia and the United Arab Republic that their Governments concur in my suggestion that the United Nations Observation Mission in Yemen be extended for another 2 months as from July 4, 1964; that is, until September 4, 1964. In pursuance of the informal procedure that has been followed since last November (S/5447/Add. 2), and again believing that no meeting of the Council on the subject was required, I have consulted the Council members individually and informally in order to ascertain that in the light of the circumstances as reported there would be no objection to the extension. In the absence of any objection, I am therefore proposing to extend the mission until September 4, 1964.

[The Atlantic Monthly, August 1964]

BOMB SHOP IN THE NILE: TARGET ISRAEL

(By Terence Prittle)

(NOTE.—After 16 years of service as the Manchester Guardian correspondent in West Germany, Terence Prittle has now been recalled to Fleet Street to become the Guardian's diplomatic correspondent. The following news story is one of the most startling which he uncovered on his way home.)

At the end of April the British Foreign Secretary, R. A. Butler, made what appeared to be a gaffe when he said in Washington that President Nasser of Egypt was in possession of minor nuclear missiles. His statement was supposed at the time to have arisen out of some misunderstanding of Nasser's program for producing rockets with conventional warheads, which Nasser has assured the world he intends to fire off some day against Israel. In London the Foreign Office could not explain Mr. Butler's Washington statement, beyond the thought that he had misread one of his background briefs.

Mr. Butler certainly chose his words with less than his usual carefulness. But the meaning behind his words was plain: the British Government is increasingly concerned over Nasser's threats to Israel, which have included such sinister phrases as "burning the cancerous growth of Israel" out of the Middle East. The evidence that Nasser is planning to destroy Israel should be examined on the basis of his openly declared statements of intention. The truism is too often forgotten that if a man says something often enough, he will not only come to believe it but will feel obliged to implement it.

Nasser's campaign to compass the destruction of Israel has four main features. He is planning to secure the removal of the British from their present military bases in Aden, Cyprus, and Libya. He is building up his conventional armed strength. In addition, he has made considerable progress with a crash program to produce ground-to-ground rockets in sufficient numbers to be able to flatten Israel's few cities and decimate its closely concentrated population. Finally, he has been experimenting with the production of weapons of genocide of both a nuclear and "subnuclear" type.

It is easiest to leave the question of the ejection of the British from their military bases to the last. Nor need a great deal be said about the building up of Egyptian conventional armed strength. Egypt today has squadrons of Ilyushin 28 and Topolev 16 bombers, which are better than anything Israel has. Egypt has the Stalin heavy tank, which, again, is much bigger than the British Centurion medium tank used by the Israel army. Egypt is building HA 300 jet fighters at the Helwan aircraft factory outside Cairo. The HA 300 has been designed by an Austrian engineer, Professor Brander, and has passed its flight tests. Egypt would, of course, aim at achieving overwhelming superiority in the air before attacking Israel. At sea, the Egyptians have 7 destroyers to Israel's 3, and 10 submarines to Israel's 2.

Two wars against Israel have convinced President Nasser that the Egyptians, man for man, are no match for the Israelis. Therefore, even an immense superiority in conventional weapons and in manpower (the population of Egypt is 10 times that of Israel) would not guarantee victory in a third war. This is why the Egyptians, with the vital help of German and other foreign scientists and technicians, have been working on a crash program for the production of long- and medium-range rockets at their factory No. 333 at Heliopolis, a few miles east of Cairo. Three main types of rocket are being developed there.

The first is a single-stage rocket, using fluid fuel and carrying a half-ton warhead. It has the code name Al Zafar ("the Victor"). Some dozens of this rocket, which has a range of 235 miles, have already been produced. It was first fired in public tests on July 23, 1963.

More powerful is Al Kahar ("the Conqueror"). This, too, is a single-stage rocket, using fluid fuel and carrying a warhead of up to two tons in weight. It has a range of about 375 miles. Finally, there is a two-stage rocket, Al Raid ("the Explorer"), which is still in process of development. Its first stage will be based on the Conqueror, and its second-stage rocket will be smaller than the Victor. The size of its warhead has still to be determined, but would presumably be about half a ton. Al Raid would have a range of more than 600 miles.

These three rockets supply the foundation for Nasser's assertion that he now has weapons which cover the whole distance from Cairo to Beirut. All three rockets are being adapted for use from mobile launching pads, which could if necessary be towed through the Sinai Peninsula and up to Israel's borders. But their range makes this unneces-

sary, and the chief attraction of the rockets for Nasser is that they could be fired off in safety 100 miles and more from the frontier. For the total length of Israel from north to south is barely 100 miles. Israel's width averages no more than 30 to 35 miles.

The Egyptians are also building light naval craft, somewhat smaller than frigates, which are to be equipped with launching pads for rockets in place of conventional apparatus for torpedoes. Although they would presumably carry only small rockets, naval craft could play an important part in a saturation attack on Israel's cities, which are nowhere more than 10 miles from the sea (the only exception is the Jewish half of Jerusalem).

It is believed that Nasser intends to build between 800 and 1,000 rockets for an assault on Israel. This will take him roughly 2 years at the present estimated rate of progress. The key to his success is the continued presence in Egypt, in his employ, of the 2 dozen German scientists and 500 to 600 German and other foreign technicians who have been there for the past 3 years.

The German rocket colony in Egypt, according to recent estimates, consists of approximately 500 technicians with more than 1,000 dependents. The senior scientists are paid from \$3,000 to \$5,000 a month, which is perhaps three times what they would earn in West Germany. They are generally given free houses and domestic staff, and few of them show the slightest desire to return home. The pay and living conditions of all the technicians are, in like manner, far better than what they would expect at home. The German colony has its own club on an island in the Nile and its own school, which is by far the biggest German school abroad. Perhaps the greatest attraction in working for Nasser lies in the power and responsibility involved. In Egypt these Germans are important people.

Nasser certainly wants to keep them there. Egypt is desperately short of scientists and high-class technicians. His rockets, his nuclear experiments, and the satellite which he claims he will fire into space are the work of his German hirelings.

The Egyptians, operating on their own, would probably have to scrap their rocket program. This is why the Israeli Government is so anxious that the German Federal Government should take active steps to recall Germans working on armaments in Egypt. So far, in spite of frequent Israeli representations during the last year and a half, the Bonn government has done nothing beyond preparing the draft of a law which would enable passports to be withdrawn from German citizens carrying out work of this kind. If such a law were passed, these Germans would have to be buried abroad.

West German hesitance over putting this legislation before the Bundestag deserves a note. There is a powerful pro-Arab lobby in Bonn, where a section of the Christian Democratic Party and virtually the whole Free Democratic Party are opposed to any action which could harm German trade interests in the Middle East. West German heavy industry provides the most powerful single pro-Arab pressure group, and a small group of firms has considerable influence with the Federal Government. The group includes the steel and heavy engineering firms of Krupp, Thyssen, Kloeckner, and Demag, which have major industrial interest in Egypt.

Nasser's rocket program, used with his other conventional weapons, would be of sufficient scope to cripple Israel and secure her total military defeat. This, of course, is Nasser's primary objective in a war with Israel. But it is not his only objective. He has sworn to blot out Israel completely and to incorporate the whole of Palestine in a unified Arab state or, if that cannot be organized, in Egypt. The most that he would contemplate leaving of Israel would be a Jewish

ghetto in Palestine, but it is very doubtful whether he would be prepared to leave even that. For a Jewish ghetto would continue to attract more Jewish immigrants, and the claim and hope for a Jewish national state would be kept alive. This is why Nasser is contemplating using weapons of genocide against Israel.

I learned details of his experiments in this direction from a scientist who worked for more than a year for Nasser. This scientist was in close touch with a member of Nasser's inner circle of assistants, Mahmoud Khalil. Khalil and a dozen other comparatively young men who form the inner circle often work 18 to 20 hours a day and make no secret of their pride in "burning themselves out" in the service of their country. One of the tasks of this small group during the last 2 years has been to examine the possibilities of producing weapons of genocide.

Three particular possibilities have been explored. The first was to produce a nuclear bomb of the Hiroshima type, which ranks today as out-of-date to the great powers, but which would be amply sufficient to blot out Israel's centers of population. This project, which was given the name Operation Cleopatra, was held up because of the inability of the German scientists in Nasser's employ to produce an easily transportable bomb or a nuclear warhead light enough to be fitted onto a rocket. In addition, the Egyptians do not have a large atomic reactor for producing plutonium or a diffusion plant for producing fissionable uranium. For a Hiroshima-type bomb, Nasser would have to procure uranium, a very difficult matter.

Yet he has undoubtedly examined the possibilities of doing this. One proposed method was to buy 20 percent enriched uranium (which is available for peaceful purposes) and to enrich it up to the 90 percent required for a bomb. Another was to buy numbers of laboratory reactors, which can produce up to 8 grams an hour of 90 percent enriched uranium. Yet another possibility was to build a nuclear power station "for peaceful purposes" in Egypt, and negotiations to this end have already taken place with a British firm, Kennedy & Donkin. Nasser has suggested that a British-built nuclear reactor could act as a partner to the Aswan Dam power stations. He has conducted his negotiations quite openly on that pretext.

Mahmoud Khalil is reported even to have discussed with Nasser the chance of bribing officers of the British Air Force to fly British-based planes to Cairo, and to bring as many as three nuclear bombs with them. This may sound like science fiction. Indeed, this possibility was never explored any further, but it is of interest that it was even considered.

The second possibility of producing weapons of genocide was explored under a different project, Operation Ibis. Its purpose was to produce small missiles with a limited radioactive fallout. These missiles, known as radioactive rubbish bombs by experts in this field, could be dropped from aircraft, fired as artillery shells, or used in the warheads of rockets. They would be difficult to handle, and for this reason Nasser has been employing gamma-ray experts from Germany and other European countries who have been working on protective casings, clothing, and other equipment. Such weapons would have a delayed effect, by poisoning food, water, and the atmosphere.

The third possibility examined in Egypt was that of causing heavy losses to an enemy population by exploding small packages of strontium 90, of 2 or 3 pounds. Strontium 90 in powder form could be exploded in small containers, which could be fired from weapons of a light mortar or even bazooka type. The packages and the weapons could be deposited beforehand in Israel, or even in countries friendly to Israel,

and could be exploded by Egyptian agents. Strontium 90 has a life of about 20 years. Once again, this may sound like science fiction. Once again, it must suffice to say that this plan was carefully examined by Nasser's advisers.

The revelation that the Egyptians have been considering the possible use of weapons of genocide has given rise to some misconceptions. It has been argued, for instance, that names such as Cleopatra and Ibis would never be used by Egyptians, who would surely prefer Arabic code names. The answer is that these names were used by the foreign scientists working for Nasser. An Egyptian code name will doubtless be furnished if any one of the three projects gets underway. So far, there is no direct evidence that a production program for any of the three has begun.

A second misconception is that because the use of weapons of genocide would be militarily useless, Nasser must have abandoned projects like Operation Ibis. This is a highly ingenious suggestion, for Nasser would clearly never use radioactive rubbish bombs alone but as supplementary to his rockets and other conventional weapons. The object of Operation Ibis would be quite simply to scare the Jews out of the Middle East.

There is nothing fanciful about this. The burning adoration of the Jews for Eretz-Israel, the national home and promised land, is such that they would not think of deserting it after military defeat and might even be prepared to go once again into bondage in the land of Egypt—if by so doing, they could keep their claims alive. But genocide, coming only 20 years after Hitler's "final solution," the extermination of 6 million European Jews, would pose a terrible threat. If Israel's present population were destroyed, or prevented by radioactive fallout from propagating their species, could the remaining Jews of the world ever again mount a resettlement of Israel and another return to the promised land? It is highly doubtful, for Israel's present small population constitutes the kernel of Jewish idealism and faith.

One must revert to point one of Nasser's campaign to destroy Israel: The removal of the British from their Middle East bases. These were the bases used for the ill-fated and badly judged British intervention at Suez in 1956. These bases would be used again if Nasser were to launch an unprovoked and genocidal attack on Israel. This is why Nasser has asked the ruler of Libya, King Idris, to end the leases of air bases to Britain and the United States at El Adem and Wheelus Field. This is why Nasser has sent an army of 42,000 men to the Yemen, as a first step toward destroying the British-sponsored South Arabian Federation and liquidating the Aden base. This is why Egypt has, after the Soviet Union, been the principal supplier of arms to the Greek Cypriots. Nasser intends to close the Eastern Mediterranean and the Red Sea to the West.

Complementary to this intention is Nasser's desire to build a firm alliance with the Soviet Union, a desire which was plainly advertised during Khrushchev's visit to Cairo in May. The Soviet Union can be of immense use to Nasser in the economic and military fields. It is supplying Egypt with a \$280 million loan, with increased technical aid for industrial developments and irrigation, and with secondhand armaments at cut prices. But of much more importance is the future diplomatic role of the Soviet Union in the Middle East, which will be designed to counter and finally to eradicate Western influence in the area. It is naive to imagine, as some Western commentators have done, that Nasser has much more to gain from an Egyptian-Soviet entente than Khrushchev has. The latter can now set to work to turn the Middle East into a bastion against Western imperialism (and, incidentally, against

Chinese communism), to outflank the Central Treaty Organization, to open the road to peaceful penetration of India (bereft of Nehru) and Africa. A rejuvenated Islam could be a very useful ally for a Soviet Union which must want to take up a dominant middle position between Western Europe and Red China.

The State of Israel asks for nothing more than to be left in peace. Israel has offered to join in guarantees of all existing frontiers in the Middle East. It would willingly offer money and technical aid in solving the problems of the Palestinian-Arab refugees. It has offered to share in the utilization of the waters of the River Jordan for peaceful purposes, although it is going ahead with pumping its share from the Sea of Galilee to the deserts of the Negev. Israel threatens nobody, and even when forced to go to war with Arab neighbors has set out to keep its military victories within strict bounds, thereby giving Arab prestige the chance to recover. The essence of Israeli policy has been to develop good relations with its neighbors. In the long-term future, Israel could be of tremendous use to the Arab countries, by providing technical advice and a model of how to run a modern state.

The Israelis, naturally, are desperately worried by Nasser's arms buildup. The Prime Minister, Levi Eshkol, said on May 20: "With the aid of German and other scientists Egypt is developing missile armaments on a large scale and devoting incessant effort to their improvement and expansion. She is also engaged in developing destructive weapons which are not to be found today in the Middle East." This was an oblique reference to Nasser's experiments with weapons of genocide. The Israeli Government has appealed repeatedly for the recall of the German and other foreign scientists; the Knesset did this once again on May 4.

What should, or what can, the Western powers do about Nasser's plans to destroy Israel?

The United States and Britain can guarantee Israel's existing frontiers and offer a similar guarantee to the Arab nations. Steps should be taken in the United Nations to secure the withdrawal of the large Egyptian Army from the Yemen. The West German scientists should go back to their own country. It should be made plain to Nasser that Britain has no intention of giving up her Middle East bases until there is real stability in that area. Finally, the Arab nations should be encouraged to regard the State of Israel as a fact. In return, the Western Powers must offer to make a major contribution toward the resettlement of the Arab refugees in Arab countries and toward building up the economies of those countries. The Arab States should be made to understand that the desire to avert a war in the Middle East does not stem from anti-Arab feelings, and that nothing will be gained in the long run by trying to play off rival world blocs against one another.

Above all, there is a paramount need for close collaboration in the Middle East between the United States and Britain. Their immense joint stake in Middle East oil is reason enough for this, and there is no harm in saying so. But much more important is the very real threat of war breaking out, if not today or tomorrow, then in all probability in the near future. Nasser's arms buildup suggests that this could be.

[From the New York Times, Aug. 23, 1964]

UNITED STATES WILL GIVE UP LIBYAN AIR-BASE—IT AGREES TO EVACUATION IN PRINCIPLE, AS DOES BRITAIN—DATE TO BE SET LATER

TRIPOLI, LIBYA, August 22.—The United States has agreed in principle to evacuate its huge Wheelus Air Force Base in Libya, Premier Mahmud Muntasser announced today.

He said that Britain, which signed a 20-year treaty with Libya in 1933, had also agreed in principle to give up her military bases and air staging posts in the country.

[The State Department confirmed its agreement but said no definite date had been determined. A spokesman said in Washington that the move was under study and a date would be indicated in 1965.]

The American base, just outside Tripoli, was operated under a 17-year agreement with the Libyan Government signed in 1954. The base is an important center for U.S. Air Force training activities.

STATEMENT EARLIER IN YEAR

Earlier this year the Libyan Government said the treaties under which Libya granted military facilities to Britain and the United States would not be renewed when they expired.

It was reported in Benghazi in June that Britain and Libya had agreed in principle on the transfer of part of the British forces in Libya by the end of this year as the first stage of evacuation.

The three Governments have been in negotiation about their treaties for some months.

The Libyan Parliament decided in principle last March 16 to abrogate the bases agreements with Britain and the United States following a speech by President Gamal Abdel Nasser of the United Arab Republic calling for the liquidation of foreign bases in Libya and Cyprus on the ground that the bases were directed against Cairo.

President Nasser called for the liquidation of the bases in a speech in Cairo February 25. He said that following the Suez invasion of 1956 Egypt "cannot trust Britain in our neighborhood."

Britain has army district headquarters at Tripoli and Benghazi and the Royal Air Force has detachments at Idris Airport near Tripoli.

President Nasser also accused Britain of "supporting and spoiling" Israel and warned that anyone who supported Israel would find his interests being affected in Arab lands from the Persian Gulf to the Atlantic.

Libya is a country of about a million people, lying between Tunisia and Algeria on the west and Egypt on the east. It was the scene of heavy fighting during World War II.

[From the New York Times, Aug. 23, 1964]

ANTI-BRITISH PUSH EXPECTED IN CAIRO—RADIO ASSAULTS IMPERIALISM OF SOUTHERN ARABIAN RULE

(By Jay Walz)

CAIRO, August 21.—President Gamal Abdel Nasser's campaign to drive the British from southern Arabia is headed toward dramatic upsurge after the August political doldrums, in the opinion of experienced diplomatic observers here.

The campaign has already been stepped up in the press and radio of the United Arab Republic.

The consensus is that President Nasser may use the meeting of Arab leaders, scheduled to open in 2 weeks in Alexandria, as a signal for a new propaganda attack. It would aim at extending the Yemeni revolution to all of southern Arabia and at bringing the collapse of the Federation of South Arabia. The federation comprises 13 states, including Aden, under British protection.

Informed observers assert that such a drive could embroil southern Arabia in a reenactment of the Algerian revolution.

Egypt's goal in Yemen already extends far beyond a mere settlement of the civil war between the revolutionary republican Government at Sana and the outlying royalist forces that are still fighting for the de-throned Imam, Mohamad al-Badr.

This interest is evident from the attention Cairo is giving to the activities of the National Front for the Liberation of the Occu-

pled South, an organization with headquarters here. Kahtan al-Shaabi, the front's political secretary, issues almost daily military communiques reporting advances by "the front's troops in all combat zones" against "imperialist forces" along the frontier of Yemen and South Arabia.

New propaganda programs have been produced by the Cairo radio since August 1. "The Voice of the Arabs places all its resources at the service of the triumphant, flaming revolution in South Arabia," the station's director said recently.

In contrast, a week-long visit of King Hussein of Jordan—directed at least partly toward reconciling President Nasser and Prince Feisal, the Premier of Saudi Arabia—ended yesterday with little notice except for the ceremonial trappings.

The visit took place in Alexandria, where President Nasser is on vacation, and the public here was shown news photographs of the President embracing the King at the airport as bands played the national anthems and riflemen offered a 21-gun salute. King Hussein was lodged in Ras Eltin, an old seaside palace that once housed King Farouk.

Nothing was said here, however, about any accomplishments of King Hussein's "private visit." It is known that the King wanted to bring President Nasser and Prince Feisal toward a reconciliation on the Yemen issue before a meeting of Arab leaders September 5. Whether Premier Feisal will join the talks remains doubtful, and if he does not attend, President Nasser's new effort to demonstrate Arab unity is expected to suffer a serious blemish.

Mohammed Hassanein Heikal, a columnist in the influential newspaper Al Ahram, wrote today, "Nothing has happened in Saudi Arabia since the first Arab summit." He referred to a meeting that took place here last January.

Mr. Heikal, whose writings are avidly read for an inkling of trends in President Nasser's policies, commented: "Saudi Arabia's royal family adopted a hostile stand toward the Yemeni revolution, and Saudi Arabia became a base for hostile military operations against the revolution."

Last May Prince Feisal failed to fulfill a promise to come here to settle the dispute, and if he has demonstrated a more amenable mood recently, Mr. Heikal's column did not report it.

Some observers suggest that President Nasser has in fact lost interest in talking with Prince Feisal about a settlement since Cairo now regards the revolution as an accomplished fact and is looking, as a next step, toward an Arab nationalist revolution in southern Arabia.

That would mean "the liberation of occupied Yemen" from British control and finally the withdrawal of Britain from her military base at Aden, which President Nasser began assailing in a speech at Port Said last December.

In this connection, Cairo diplomatic observers are watching with interest the rise of the National Front for the Liberation of Occupied Yemen, which is widely publishing and broadcasting inflammatory statements.

Today, in a communique that can be regarded as typical, the front "appealed" to the people of southern Arabia to rise against the British, who "have come to feel strangled because of blows dealt by the front's troops in all combat zones and because of the solidarity of the revolutionary masses supporting the front's troops."

The communique added: "These imperialist authorities have acted with complete rashness and savagery and mobilized all their forces and hirelings to persecute the revolutionary elements, who are struggling in Lahej, Abin Dathina, Dalein, and Heihan."

These communities are along the border of Yemen and the federation.

The aim of Mr. Shaabi, the front's political secretary, is apparently far more radically revolutionary than that of Abdullah al-Sanag, the Aden trade union leader who until recently led the liberation movement. Mr. Asnag, known as a moderate, seeks to win liberation by talks and negotiation. But his influence—at least in Cairo, where he has spent much time in recent years—is waning. Mr. Shaabi's is on the rise.

[From the New York Times, Aug. 28, 1964]

NEW BATTLE RAGING IN YEMEN, ROYALIST REPORTS—REPUBLICANS BACKED BY CAIRO SAID TO SUFFER BIG LOSSES—TRAVELER TELLS OF RESISTANCE TO DRIVE AGAINST THE IMAM

(By Dana Adams Schmidt)

BEIRUT, LEBANON, August 27.—A major battle is reported to be underway in the northwestern corner of Yemen, in the triangle formed by Sada, Haradh, and the Imam's headquarters in the Qara Mountains.

Although the Cairo radio has reported that Imam Mohamad al-Badr has been put to flight and the border of Yemen and Saudi Arabia sealed, an authoritative Yemeni Royalist source said tonight that revolutionary forces had suffered serious reverses in the northwestern area.

In Yemen's long civil war, the United Arab Republic is supporting Arab Nationalist forces against the Royalist armies of Imam Mohamad, who is backed by Saudi Arabia.

The royalist source, newly arrived from Yemen, via Qatar, said that since last Friday the Egyptian-led had waged "probably the biggest single military operation the Egyptians have conducted in nearly 2 years of campaigning."

He estimated that 5,000 Egyptians were involved in a two-pronged thrust aimed principally at killing or capturing the Imam.

COUNTERATTACKS BY ROYALISTS

According to this source, the Royalists met the Egyptian offensives with counterattacks, beginning Monday at dawn. Additional tribesmen moved in steadily to swell the Royalist forces, he added.

The counterattack included diversionary thrusts by Yemen forces stationed as far away as east of Sada and south of Sana, the capital, he said.

The source, who declined to be identified, told of having met the Imam in Yemen at a gathering of military commanders on Monday as the counteroffensive got underway.

The Royalist informant estimated that 600 men had been killed or seriously wounded on both sides between Friday at dawn and early Wednesday, when he left Yemen.

DESCRIPTION OF BATTLE

He described the tactical picture as follows:

The Republicans' first objective was a 30-mile-long track that winds southward through extremely rough mountain territory from the Saudi border near El Kuba to the Imam's headquarters in the Qara Mountains near Wash-Ha.

They attacked eastward from the town of Haradh through the Razih and Nadir Mountains toward the track.

From Haradh the Republicans moved through two ravines—Haradh and Tashar. On Saturday and Sunday afternoons heavy rain fell, and the Republican vehicles—numbering about 80, including 6 armored cars and minesweepers—began to sink axle deep into mud.

The defenders left them alone until Monday at dawn. Then, under Prince Abdulla Hussein, they counterattacked in the Haradh ravine. Another force, personally commanded by the Imam, met the Republicans in Tashar.

With heavy losses, the rebels began falling back toward Haradh.

The Royalists claimed to have destroyed six tanks by Wednesday morning.

TWO HUNDRED AND FIFTY CHUTISTS INVOLVED

Meanwhile, the rebels, after bribing sheiks in the area, moved other units westward from their base in Sada to Mount Nadir and dropped 250 parachutists on nearby Mount Razih.

From these two points they drove westward toward the track. Although the distance was only 10 miles, they had not covered it by the time the Royalist sources left the area. He reported that most of the paratroopers had been killed.

The source said the Royalists had been able to make a good showing thus far because they had seen the United Arab Republic's forces preparing this operation for 3 months. Although they could not tell when the attack would come, he said, they prepared countermeasures and accumulated weapons.

[From the New York Times, Aug. 30, 1964]

U.N. DECISION NEAR FOR YEMEN TEAM—OBSERVERS LARGELY DEFIED—MANDATE UP FOR RENEWAL

(By Sam Pope Brewer)

UNITED NATIONS, N.Y., August 29.—Reports of renewed fighting between royalists and republicans in Yemen have called attention to the fact that the Secretary General, U Thant, has only a week left in which to arrange for an extension of the United Nations observation mission there. If he does not, the mission must give up its work.

Informed sources maintain that Mr. Thant has yet to make a decision.

He has to make his recommendation to the Security Council before next Friday. The mission has been operating since July 4, 1963, to observe conditions under a disengagement agreement reached by Saudi Arabia and the United Arab Republic a few weeks before that.

The observation mission included 200 Yugoslav and Canadian soldiers and airmen from July 4 to November 4, 1963. Then it was cut to 25 military observers.

Every 2 months Mr. Thant has extended its life with the informal approval of the 11 Security Council members. At the beginning of last month, however, Mr. Thant told the Council that he "would find it difficult to envisage a further extension of the mission in its present form" if it achieved no results by September 4.

U.S. IN DELICATE POSITION

The failure of the mission would leave the United States in an awkward position, some Middle Eastern sources say. If the observers withdraw, Saudi Arabia is expected to resume overt military aid to royalist tribesmen supporting the deposed Imam, Mohamad al-Badr. This would put the Saudis into direct conflict with the United Arab Republic, whose troops are supporting the republican Government in Sana, the capital.

According to royalist reports, the Egyptian-backed republicans were suffering heavy casualties this week in a new drive against the Imam's men in northeastern Yemen. The republicans charged, on the other hand, that a royalist column had pushed into Yemen from Saudi Arabia.

The United States was influential in bringing about the disengagement agreement to prevent fighting between Saudi Arabia, an ally, and the United Arab Republic, a country with which it was trying to improve relations.

The main stumbling block now is that the United Arab Republic has not withdrawn its forces as stipulated in the agreement.

Mr. Thant's latest report, on July 2, said no royalist military supplies had been seen crossing the border from Saudi Arabia though "armed royalists in small numbers have crossed the border in either direction."

EGYPT'S FORCE PUT AT 28,000

Without estimating the total Egyptian strength, the report said, "It is estimated that there has been a reduction of some 3,000 troops in the total strength of the United Arab Republic force in Yemen." British estimates, which have never been publicly challenged, put the figure between 28,000 and 30,000.

The fighting in Yemen began September 1962, after the Palace Guard overthrew the hereditary ruler, Imam Mohamad, and established a republic under Col. Abdullah al-Sallal, now President.

Tribesmen rallied around the deposed Imam. Since then, Cairo has supplied troops to support the republican government but has been unable to crush the tribal forces.

The disengagement agreement was negotiated in the spring of 1963 by Ellsworth Bunker, of the United States. It provided that Saudi Arabia was to cease military aid to the tribesmen, that Cairo would progressively withdraw its troops and that there would be a neutralized buffer zone along the frontier.

The observation mission was established by a Security Council resolution of June 11, 1963, to observe the execution of the agreement. The costs have been shared by Saudi Arabia and the United Arab Republic.

[From the Washington (D.C.) Post, Aug. 30, 1964]

EGYPT-YEMEN UNITS SCORE BIG VICTORY

BEIRUT, LEBANON, August 29.—After 2 weeks' savage fighting the Egyptian and Yemeni Republic forces have won what appears to be a decisive victory over the Royalist followers of Imam Muhammad Al Badr in northwest Yemen. The Imam, according to reports, has evacuated his mountain headquarters and fled to Saudi Arabia.

After a battlefield tour earlier this week, Egyptian Field Marshal Abdel Hakim Amer announced that the Egyptian-Yemeni forces were in complete control. He warned Saudi Arabia and the Amirate of Beihan (in the South Arabian Federation) not to aid the Royalists or allow their territory to be used as bases for operations against the Republic, threatening massive retaliations "regardless of the consequences."

Yemeni Royalist representatives in Beirut this week en route from the battle area admit they are hard pressed by the repeated Egyptian onslaughts, but deny that the Imam has fled. Their story is that he has moved his headquarters elsewhere in Yemen. They claim the Egyptian advance was halted by sudden unseasonal rainstorms last week.

This "miracle" they say, has revived the morale of the Royalist tribesmen, who are now regaining lost ground.

After sifting all the conflicting evidence it is nevertheless clear that the Republic has made important gains. It now holds a firm grip on the northern and southern border areas astride the potential supply routes from Saudi Arabia and the South Arabian Federation.

Faced with this blockade the Royalist eastern front cannot hold out indefinitely.

After nearly 2 years' continuous fighting the Egyptian troops are becoming more adept at mountain warfare.

Moreover, for the first time, Egyptian and Russian-trained Yemeni republican units have begun to play an appreciable frontline role. The Royalists, on the other hand, lack adequate military supplies and are beset by disease and famine.

The Yemen victories will undoubtedly bolster President Nasser's position at next week's Abab summit conference in Cairo, where all possible pressure will be exerted on Prince-regent Faisal, of Saudi Arabia—the only major Arab State which still backs Imam Badr—to recognize the Republic.

[From the Washington (D.C.) Post,
Aug. 30, 1964]

SOVIET OFFER OF WEAPONS TO JORDAN STIRS WEST

(By Patrick Seale)

AMMAN, August 29.—Russia has offered to supply Jordan with supersonic aircraft and other modern weapons, and has started a first-class diplomatic flurry in this capital with possibly far-reaching consequences for Jordan's future alignment and independence.

It is recognized here as a challenge to Britain and the United States, which have so far been sole suppliers of arms to Jordan. It is also seen as an attempt to draw Jordan—one of the last pro-Western enclaves in the Arab world—into the nonaligned camp and into a position of dependence on both Russia and Egypt.

The offer, confirmed by Prime Minister Bahjat Talhouni, follows a pattern made familiar in Egypt, Iraq, and Syria, where Russia made skillful use of arms deliveries on easy terms as the spearhead of a wide-ranging political offensive.

Urgent consultations are taking place between London and Washington about whether a Western counteroffer should be made. The main burden of decision lies with the United States, which already subsidizes Jordan's budget heavily, and which alone is able to match the Soviet offer.

A reaction from Washington on the offer is expected before the Arab heads of state assemble in Alexandria next Saturday.

It is thought that King Hussein may come under pressure at the meeting to accept Russia's arms as part of a unified plan to re-equip the Arab armed forces. He would be better able to resist such pressure if he could produce at the conference a Western promise to supply arms—and in particular the supersonic aircraft—which he is seeking.

Jordan's Prime Minister said he thought the West should meet Jordan's arms requirements.

If Jordan were to take the Soviet arms there would be pressure in Washington to cut the American aid which has been a major factor in Jordan's stability and prosperity in the past 6 years.

But official circles in Amman feel that President Nasser must be under considerable pressure from his Soviet patrons to induce Jordan to accept the offer.

[From the New York Times, Aug. 31, 1964]

RENEWED TENSION ON YEMEN FEARED— SAUDIS REPORTED PLANNING NEW AID TO ROYALISTS

CAIRO, August 30.—Diplomatic circles expect the United Nations mission in Yemen to end next week and some fear a revival of tensions over Yemen between the United Arab Republic and Saudi Arabia.

Both countries were understood tonight to be unwilling to continue the contributions that have financed the 200-man observer mission for the last 14 months. (At the United Nations, U Thant, the Secretary General, was reported by informed sources to have made no decision on extending the mission.)

According to diplomatic sources, the Saudis are threatening to resume large-scale assistance to royalist tribes once the United Nations group pulls out. The royalists are fighting Yemen's republican Government which has been heavily backed by President Gamal Abdel Nasser since it came to power by overthrowing the royalist regime of Iman Mohamad al-Badr in 1962.

Saudi representatives are reported to have told other diplomats that their Government cannot tolerate the presence of about 40,000 Egyptian troops in Yemen close to the Saudi Arabian border.

CAIRO MANEUVERING

With fighting in Yemen reported continuing even today, Cairo has been maneuvering by a combination of threats and appeals to Arab unity to put pressure on the Saudi Government to recognize the republican regime and end support for the Iman.

President Nasser's efforts are expected to reach a peak during the conference of Arab heads of state in Alexandria next weekend.

The United Nations mission was established to supervise a disengagement agreement in Yemen calling for the Saudis to cease aid to the royalists and the Egyptians to withdraw troops supporting the government.

Since the agreement went into effect in July 1963, the United Nations has reported that most Saudi aid to the royalists has stopped, but that Egyptian forces have increased from about 30,000 to 40,000 men. Cairo's position is that the troops were entitled to stay as long as the royalist threat continued.

On Friday, the Yemeni Government protested to the Arab League that an attack had been opened from Najran, a Saudi border town, against Marwi in northeast Yemen.

[From the New York Times, Aug. 31, 1964]

LEAGUE PREPARES FOR A PARLEY

CAIRO, August 30.—The foreign ministers of the 13 member states of the Arab League will meet here tomorrow to approve a 23-item agenda for the conference of Arab leaders opening Saturday in Alexandria.

Key topics are expected to include the situation within Yemen and on its borders with the South Arabian Federation.

Other discussions will cover a wide range of political and economic questions, including Israeli activity in the developing countries and a possible Arab common market.

[From the New York Times, Sept. 1, 1964]

YEMEN AN ISSUE FOR ARAB PARLEY—CAIRO'S MOVE SEEN AS EFFORT TO EMBARRASS SAUDIS

(By Dana Adams Schmidt)

BEIRUT, LEBANON, August 31.—Tension between the United Arab Republic and Saudi Arabia is building up in anticipation of a meeting of Arab leaders at the end of this week.

The President of the United Arab Republic, Gamal Abdel Nasser, appears determined to make the Yemen question the focus of the meeting.

But Crown Prince Faisal of Saudi Arabia is feigning uninterest in Yemen and is insisting that the meeting must devote its attention to the Palestine problems.

Each seems determined to embarrass the other politically. Realities and propaganda are drifting even further apart than usual.

Meanwhile, the foreign ministers of 13 Arab States open a meeting in Cairo to prepare for the main talks, which are scheduled to be held in Alexandria.

EFFORT IS COSTLY

The United Arab Republic is deeply mired militarily in Yemen, where it has concentrated an army of at least 40,000 men in a so far futile and costly effort over nearly 2 years to crush royalist opposition.

Since early this year, these forces have made increasing use of their positions in Yemen to sponsor a guerrilla and subversion campaign against the British in the South Arabian Federation, which includes Aden.

The campaign is indirectly aimed against British oil interests in the Persian Gulf, the defense of which is anchored in Aden.

This enables President Nasser to assume the political posture of being in Yemen primarily to fight British imperialism. Cairo has proposed as an item on the agenda of

the conference, "the British conspiracy and aggressive plans against the Yemen Arab Republic."

Meanwhile, Cairo's forces have started a drive in northwest Yemen in an apparent attempt to kill, capture, or drive out of Yemen the Imam al-Badr, the royalist leader, who still holds out in the Qara Mountains.

CAIRO CLAIMS SUCCESS

The Cairo press has asserted that the drive was successful and that the Imam had fled on a donkey.

The aim of the Cairo regime appears to be to create, or at least seem to create, a fait accompli that would embarrass Crown Prince Faisal, the only Arab leader who insists on recognizing the Imam and demanding that the Yemeni people be accorded the right of self-determination.

Prince Faisal has said he would attend the Alexandria meeting but has insisted that he is not a party to the Yemen conflict and will not talk about it.

Contending that he has observed the disengagement agreement under which Saudi Arabia was to halt aid to the royalists, he maintains the peace would be restored in Yemen if Cairo observed its part of the agreement and withdrew its troops.

The agreement was concluded last year under United Nations auspices and following U.S. initiative.

Prince Faisal argues that the Arab States would do better to talk about Israel. He or his spokesmen have proposed the establishment of a government in Gaza. They have criticized Cairo's occupation of the Gaza Strip and have proposed that the Egyptians leave as soon as a Palestine government is established there.

The Saudis are expected to renew demands that Cairo take steps to close the Gulf of Aqaba to Israeli shipping.

This is the official Saudi Arabian position. But in fact Saudi Arabia is very much concerned with Yemen. Prince Faisal's government may have halted arms aid to the Yemeni royalists, but there is little doubt that the royalists continue to receive money from Saudi Arabia and that they use this money to buy arms. They also benefit from Saudi moral support and from the accessibility of Saudi territory.

What President Nasser will propose concerning Yemen, now that he has set the propaganda stage, is not clear. One possibility suggested is an inter-Arab force to supplement or replace his troops in Yemen. A corps of volunteers from the Arab world to fight the British in South Arabia as a means of disengaging his forces also has been mentioned.

[From the New York Times, Sept. 1, 1964]

MINISTERS URGE LIBERATION

CAIRO, August 31.—A 13-nation Arab foreign ministers' meeting opened here today with calls for concerted Arab action to "liberate Arab lands from imperialism and Zionism."

Foreign ministers from all Arab League States attended the session to prepare for the second Arab chiefs of state meeting starting Saturday. After inaugural speeches, the foreign ministers met in closed session. A statement said they had arranged to draft an agenda for Saturday's meeting during the evening.

[From the New York Times, Aug. 28, 1964]

CONGO REPORTS KEY CITY SEIZED—SAYS MOST OF ALBERTVILLE IS RETAKEN FROM REBELS

(By J. Anthony Lukas)

LEOPOLDVILLE, THE CONGO, August 27.—The Congolese Government said today that its troops had recaptured most of Albert-

ville, the North Katanga capital, which has been held by the rebels since June.

A government spokesman said troops moving north from Baudouinville and Kabalo entered the city late yesterday and now controlled most of it.

Diplomatic sources confirmed that an attack was underway against Albertville, but they said they had no indication of a government victory.

It is believed that the forces now fighting at Albertville may include some of the foreign mercenaries who were recently assembled at the Kamina base in Katanga.

CHIEF REBEL STRONGHOLD

The recapture of Albertville would be an important victory for Premier Moïse Tshombe's government. The city, on the western shore of Lake Tanganyika, has been the rebels' chief stronghold in the southeastern Congo.

Until recently, Gaston-Emile Soumialot, who calls himself "president of the Revolutionary Government of the Eastern Congo," made Albertville his headquarters.

Recent reports from Albertville said the situation there had become "catastrophic" following the departure of Mr. Soumialot and other rebel leaders about 10 days ago.

The reports said the city appeared to be in the hands of gangs of young Baluba tribesmen who were looting, raping, and killing. Two European priests were reported to have been killed there about a week ago.

FEARS FOR EUROPEANS

At last report there were about 130 Europeans in Albertville. Fears have been growing for their safety. A rescue operation that was said to have been planned to get the Europeans out of the city before it was attacked by government forces apparently never got underway.

A radio broadcast from Stanleyville, the northeastern city captured by the rebels early this month, said Mr. Soumialot was touring "liberated zones."

The broadcast said Mr. Soumialot was expected soon in Stanleyville, along with Christophe Gbenye, another leader of the Left-wing National Liberation Committee, which is backing the revolts throughout the Congo.

Mr. Gbenye, who has been based in Brazzaville, capital of the former French Congo, recently left there and is reported to be in Bujumbura, capital of Burundi.

The Stanleyville radio also announced that the government installed by the rebels there 2 weeks ago has been removed for "activities prejudicial to security," by Nicolas Olenga, commander of the "Popular Liberation Army" in Stanleyville, and had been replaced with a four-man "college of commissioners."

[From Newsweek magazine, Sept. 7, 1964]

LIBYA: STILL FRIENDLY?

Time was when the arid Kingdom of Libya was only too happy to play host to United States and British military bases. Between them, the United States huge Wheelus Air Force Base, the smaller RAF base at El Adem, and three British Army posts pumped more than \$20 million each year into the anemic Libyan economy. But in the last 5 years, gushing oil royalties have put a new bloom on Libya's economic situation and even more recently Egypt's Gamal Abdel Nasser, the self-appointed conscience of the Arab world, has been pressuring Libya's King Idris to turn "the imperialists" out. At Nasser's prodding, the Libyan Parliament resolved last March that American and British base rights would not be renewed when the present agreements expire in 1971 (for the United States) and 1973 (for the British). And last week Libyan Premier Mahmud Muntasser unilaterally announced that the two Western powers had "agreed in principle" to evacuate their bases—though he did not say when.

NO QUIVER

From the standpoint of global strategy, Muntasser's announcement caused not a quiver in Washington, for in U.S. war plans Wheelus Field does not play an important role. Nonetheless, the Pentagon treasures Wheelus for its access to hundreds of square miles of wasteland where U.S. fighter squadrons from Europe and the Middle East come to sharpen their claws. In 5 years of bombing, rocket, and missile training in Libya, says one U.S. official, "I don't think we've ever even killed a camel." To find an equally safe training area in Europe, he adds, would probably be impossible.

For the British, the matter was more serious since El Adem is an essential fuel stop on Britain's lifeline to Singapore. Without it, the RAF would have to lift troops bound for the Far East all the way from England to Aden in one hop—which is too far for present British planes. The British also fear that loss of the base might endanger their right to fly across Libya, which would be a major blow since United Arab Republic, Israeli, and Saudi Arabian airspace is closed to RAF planes and the only practical way for them to get to Aden is down through Libya and across the Sudan.

For these reasons, both London and Washington have decided to play for all the time possible in Libya. U.S. officials, in fact, tend to view Premier Muntasser's statement as mere lip service to Nasser. Says one Pentagonian: "If it weren't for the oil boom and Nasser propagandists, we would be welcome in Libya. I think we can still manage to stay there or at least work out some amicable arrangement for use of the facilities. I believe the Libyan Government is still friendly to the United States."

[From the Reporter, Oct. 24, 1963]

OUR YEMEN POLICY: PURSUIT OF A MIRAGE

(By Philip Horton)

On the night of September 26, 1962, a palace coup took place in the remote city of Sana, the capital of the kingdom of Yemen. The royal government of Imam al-Badr was ousted in favor of a junta headed by Brigadier Abdullah Sallal, former chief of the palace guard. With the immediate arrival in Yemen of Egyptian troops and Soviet-provided equipment, the implications were clear enough to most of our friends and allies in the Middle East. The Iranian view, for instance, conveyed to the State Department as early as October 9, was that President Nasser's ultimate objective was to gain control of Saudi oil in order to establish his independence of the United States and be free to collaborate with the Soviet Union.

Yet on December 19, after 2½ months of hesitation and uncertainty, Washington recognized the Nasserite republican government. Since then, what had seemingly begun as a peripheral civil war has become a war by proxy between Egypt and Saudi Arabia, which in turn has threatened the security of the Arabian Peninsula and the West's strategic lifelines to the Indian Ocean, brought Soviet combat missions into play against our major Arab ally in the area, and, finally, raised serious doubts about the good faith of our Government.

In recent months sharp and angry questions about the failure of our policy have been raised on the floor of Congress, but the answers supplied by administration officials were more notable for muddled rationalization than for clear and persuasive reasoning. One Congressman who has tried to get some light on our Yemen policy in the course of the House hearings on foreign aid said, "I have never heard so much double-talk in all my life."

The simple fact is that doubletalk has been the order of the day in Washington

ever since the State Department recognized Sallal's republican regime. Why, then, was recognition granted when it was, and over the strong opposition of almost every U.S. ally in the Middle East and Europe? Why did the State Department feel that it was in the interests of the United States to support Nasser's Pan-Arab imperialism, particularly since this aspect of Nasser's policy has always been sedulously encouraged by the Soviet Union? Why—and this is the question most often asked by critics of our Yemen policy both within and without the administration—did the administration feel that it had to make a decision to recognize instead of watching and waiting to see just which way the struggle in Yemen was going?

Among the first answers given was that of course it was the fault of Chester Bowles. This accusation was given wide circulation, and a number of papers carried a report blaming Bowles (who was charged with similar mistakes in other appointments) for having named John Badeau, an eminent supporter of Nasser's Pan-Arabism, as U.S. Ambassador in Cairo.

There can be no question about Ambassador Badeau's sympathetic attitude toward Nasser and Arab nationalism. As former president of the American University in Cairo and later of the Near East Foundation, he had developed a deep attachment to the cause of Egypt's betterment. "Egypt," he wrote in 1959 in his introduction to Nasser's "The Philosophy of the Revolution," "has rapidly emerged as the dominant influence in the Arab world, and its revolution has spilled over the Nile Valley to become the 'wave of the future' in adjacent lands." Within a few days after the Yemen coup and before Washington had even had a chance to sort out just what was happening, Ambassador Badeau received the Foreign Minister of the new revolutionary government, Mohsin al-Aini, in Cairo. Thereafter, he continued to argue vigorously for recognition of the new regime, backed up throughout by the reports of Robert W. Stookey, the U.S. chargé d'affaires in Yemen.

In Washington, apart from the general support of the National Estimates Board of CIA and the Policy Planning Council at the State Department, the Yemen policy was thought to be largely the handiwork of Robert C. Strong, then Director of the Office of Near Eastern Affairs under Assistant Secretary of State Phillips Talbot, and of Robert Komer, a New Frontiersman of CIA background who handles Middle East problems on Presidential Assistant McGeorge Bundy's staff. In recent months, however, a kind of reverse competition has set in, with everyone remotely involved struggling for a lower place on the totem pole of responsibility. As Bundy put it, with a smile, to an inquiring critic: "When the news from the Yemen is good, it's Komer's war; when it's bad, it's Talbot's." From now on, however—war, peace, or stalemate—the troubles in Yemen are the responsibility of the U.N.; as has happened before with Washington policies that have misfired, the U.N. was persuaded to pick up the pieces.

BREAKING WITH BRITAIN

Most critics of the Yemen policy inside or outside the administration are convinced that the most basic mistake was the underlying assumption that the republican coup represented a revolution against "the notoriously despotic" rule of the Imams and a "yearning for Arab unity" and social reform. This in turn led the policymakers to overlook or at least badly underrate the most important single fact about Yemen—its physical location.

The map [not printed in the RECORD] tells much of the story. Situated near the southwestern corner of the Arabian Peninsula,

Yemen to the north and east borders on the great desert reaches of Saudi Arabia. To the south it faces on the South Arab Federation and the Aden Protectorate, both British controlled, as well as Aden Colony, which, next to Singapore, is now the most important outpost of British power, sheltering both the world's greatest bunkering port and the headquarters of the British Middle East Command. Yemen, in short, is a natural back door to the Arabian Peninsula, itself a prize of incalculable value, which since 1945 has produced for the West 1,000 billion barrels of oil, contributed a billion dollars of revenue to Great Britain and the United States last year alone, and provides, via the Dhahran and Aden bases, indispensable defense links by air and sea to the Indian Ocean and southeast Asia.

To define the peninsula's strategic and economic value to the West is a fortiori to describe Nasser's ambition to take it over, not to mention Moscow's desire to help him do so. What makes Yemen a logical starting point for Nasser is the fact that of all the countries of the peninsula it is the only one not under some form of British or United States protection. Since the Second World War, in fact, Anglo-American hegemony has sealed the peninsula off from the disorders that have beset the rest of the Middle East and provided the one element of relative stability in the area. One would think it would be a cardinal objective of U.S. policy to keep it that way. "You will see," said one Middle East diplomat, "by parting ways with the British over your Yemen policy and backing Nasser's adventure there, you have pried the lid off Pandora's box. The big question now is—will you ever be able to clamp it back on again?"

The British, remembering Nasser's frequent promises to drive "the forces of reaction and imperialism" out of the Peninsula, stuck to their decision to withhold recognition of the Yemeni republicans, despite reportedly heavy pressure from Washington. Most of the Middle Eastern governments, fearful of any new Nasserite aggression, were also deeply troubled by the appearance in Yemen of Soviet combat personnel early last October and by evidence of close coordination between Moscow and Cairo in the stepped-up delivery of TU-16 bombers, which were immediately pressed into service in the fighting. The strongest opposition, however, came naturally enough from Saudi Arabia's Prince Faisal, who had been summoned home from New York, where as foreign minister he headed the Saudi U.N. delegation, to take over the reigns of government in Riyadh. In a series of meetings in Washington in the first weeks of October, including a private lunch with the President, Faisal agreed to initiate badly needed reforms in his own country. In return, he warned his listeners against the great dangers of Nasser's military adventures in Yemen and urged them to persuade Nasser to cease his aggressions against Saudi Arabia.

On his return to New York and on the eve of his departure, Faisal was dismayed to learn from an old American friend that the State Department had the impression from these talks that Faisal had agreed to seek a detente with Nasser in the interest of securing the safety of his country and his regime. This, he said, was impossible: "It would be like giving someone a sleeping pill when a murderer was after his life." Furthermore, he could not consider cutting off support of the Yemeni royalists, who were the legitimate government in Yemen and with whom he had treaty ties.

The policymakers stuck stubbornly to their course. Their line of argument, however, seemed at times to suggest that they were taking their cue from Nasser himself, who in the January 1955 issue of *Foreign Affairs* had

written: "There would not be any Communist infiltration in any part of the Middle East and Africa if the United States could develop a courageous policy—and the only morally correct one—of supporting those who are anxious to get rid of foreign domination and exploitation."

These ideas had won Nasser a limited hearing in the early years of the Eisenhower administration, but it was not until the arrival of the New Frontier that he had a real chance to sell his philosophy to Washington. According to reliable diplomatic sources in the capital, Nasser's ambassador to Washington, Mostafa Kamel, on one of his first visits to the White House suggested to President Kennedy that Nasser would greatly welcome a direct exchange of views, an initiative that led to an extensive personal correspondence between the two leaders. The first exchange took place in the early spring of 1961, before the President undertook, in a series of letters to the heads of all the Middle East governments, to convey the substance of the policies he intended to pursue in that part of the world. Though couched in the most general terms, the import of these letters seemed fairly clear to those on the receiving end: U.S. support for broad social reform, for movements toward Arab unity, and for the untrammelled independence of the Arab nations. As one senior Arab diplomat recently put it, perhaps with the benefit of hindsight, "The heart of Washington's Middle East policy to us seemed to be that in return for recognizing the absolute U.S. commitment to the security of Israel, Nasser was given more or less a free hand to pursue his ambitions in the Arab world."

Thereafter President Kennedy continued to take a direct personal interest in the problems of the area and, after last September, in the Yemen war in particular, which clearly threatened to expose his Middle East policy to an embarrassing test. Toward the end of November, after the Egyptians had already indicated an interest in reaching some kind of settlement in Yemen that would secure their interests, the President dispatched personal messages to the leaders involved—Prince Faisal, King Hussein of Jordan, Nasser, and Sallal. The texts of the messages were never released, but, according to the *New York Times*, they "proposed as a first step that Egyptian troops withdraw from the republican side in Yemen and that Saudi Arabia and Jordan halt material support of the royalist cause." The implication was that U.S. recognition of the republican regime would then be in order.

RECOGNIZING THE PUPPET

By mid-December the State Department had two further reasons to rush through recognition of the new Yemeni Government. One was to secure and increase the "American presence" in the country in order to counter the growing number of Soviet personnel, many of whom were already serving as crew members in the Egyptian bombing raids against Saudi and royalist bases. The other consideration, more important by far, was the mounting evidence that the war in Yemen was not going well for Nasser. A long dispatch in the *London Times* of December 21, for instance, written by a British M.P. who had just returned from a fortnight in Yemen, noted a "universal hatred of the Egyptians" and concluded that without Egyptian aid, "Sallal would not survive more than a few days against the forces of the Imam."

The fear in Washington was that further progress by the royalists would bring a still heavier buildup of Egyptian forces in Yemen, with the possibility that if things continued to go badly, Nasser might, in a desperate effort to save face, plunge into an all-out war against Saudi Arabia and thus present the

White House with a painful dilemma: To turn against Nasser or to betray our commitments to the Saudis. The solution put forward by Washington, as foreshadowed by the President's November letters, was U.S. mediation or, more accurately, a swap: U.S. recognition of Nasser's puppet regime in return not for an accomplished and verified withdrawal of Egyptian forces from Yemen, as Prince Faisal finally urged, but simply for Nasser's promise to withdraw under conditions he has been amending and reinterpreting ever since. This left the State Department with the sticky task of proving that the Sallal government qualified for recognition.

The "internationally accepted" criteria that had to be met before recognition could be granted to the new republican government were that it be in effective control of the country and the machinery of state; that it have the general support of the people; and that it demonstrate its willingness to honor its international obligations—most particularly to live at peace with its neighbors.

By mid-December, on the eve of recognition, there was ample reason to doubt that the republican government could meet any of these criteria. Most of the leaders of the new government had come out of the "Free Yemen" group that Nasser has supported in Cairo in recent years. One of the first to arrive, the very day after the coup, was Abdul Rahman al-Baidani, who on becoming vice president broadcast an announcement to the tribal leaders that if Sallal could be called the Naguib of the revolution, he himself, in effect, was its Nasser, Baidani, who was born in Cairo of an Egyptian mother and an Indian father and who has at various periods held both Egyptian and Yemeni citizenship, played his role to the hilt. Apart from persuading Sallal to reinforce key Yemeni garrisons with Egyptian forces in greatly superior numbers, he also succeeded in purging from the new cabinet the three or four officers known to be nationalists, including the defense minister, Mahmoud el-Jaifi, who was sent off to Cairo as ambassador. With Baidani running short of further targets, Sallal soon found it prudent to get rid of him, and in January 1963, he relieved him of his portfolios and sent him packing back to Cairo under military escort. By late summer Baidani showed up in Aden, where he seemed to be playing a different kind of game which led the Sallal government to revoke his Yemeni citizenship on August 29 and denounce him as "an imperialist stooge * * * an impostor * * * and a dangerous spy." By late September, according to the *New York Times*, he was back in Cairo, this time in jail for interrogation.

As for effective control of the country, the size of the Egyptian force provided a kind of answer. By mid-November these forces in Yemen reportedly numbered at least 6,000; by mid-December, on the eve of U.S. recognition, 12,000 to 14,000; and by late spring—and despite the Egyptian promise of withdrawal that recognition was supposed to secure—reached a peak strength of 28,000 men. Their Soviet-made armament was impressive, and included medium and heavy tanks, infantry carriers, some Ilyushin-28 bombers, two squadrons of Mig-21's, and two squadrons of TU-16 medium bombers. Altogether it was the largest military operation in the Middle East since Suez and, according to testimony by Senator JACOB JAVITS before the Senate Foreign Relations Committee, was costing Nasser upward of \$500,000 a day.

Its sheer weight and size, in a small and sparsely settled country, made it look more like an army of occupation than an expeditionary force, especially since in the early weeks of the fighting there were no compar-

able enemy forces in sight. According to the best military intelligence available, neither Jordan nor Saudi Arabia ever had more than a hundred or so officers and advisers assigned to the royalists, while the tribes under the Imam at that time were still scattered and badly organized. More significant, however, is the fact that at no time since the coup has the republican Yemeni Army numbered more than 3,500 combat soldiers.

Early in November the first open attacks on Saudi territory were launched, culminating on November 5 in a 14-hour bombardment by sea and air of the Saudi port of Muwassan on the Red Sea. From the Saudi capital of Riyadh, Prince Faisal, noting that the attacking units "were Egyptian because Yemen has neither aircraft nor a navy," broke off relations with Cairo.

Washington's response was the hasty dispatch to Riyadh of a number of F-100's described as a "good will" mission and the arrival of a U.S. destroyer in the port of Jiddah. As a reminder to Nasser of U.S. commitments to Saudi Arabia, the gesture fell short of the mark. In a letter of December 18 an oil executive, with excellent sources of information in the Middle East, summed up the situation on the eve of recognition, as follows. "The Egyptians apparently have decided to accept phased withdrawal of some kind. Yemen, however, has refused to give guarantees to respect its international obligations to stop attacking Saudi Arabia—and to stop threatening the position of Aden Colony and the protectorates. Just recently Sallal has even been throwing up roadblocks to the American plan for recognition. He has just made a speech giving the Americans 'one last chance' to extend the recognition he wants on his own terms."

In the same speech, Sallal declared: "We celebrate the birth of the greater Arab Republic which will inevitably be brought about and emerge and follow the Yemeni revolution. * * * We are celebrating the birth of the Republic which will sweep away his [Saud's] kingdom * * * and furthermore annihilate the royal Saudi family."

The speech was delivered on December 14 and broadcast over the Sana radio. Five days later the State Department announced that it had recognized the republican government, noting that Sallal had undertaken "to honor all treaties concluded by previous Yemeni governments." According to the New York Times of December 20, the Department said that "recognition had become possible because of two developments in the last 24 hours." The first was the declaration by the Sallal government that it would honor its international obligations—which as a matter of record included treaties of amity and nonaggression with the Aden protectorate and Saudi governments. The second was Nasser's last-minute assurance that he "would withdraw the 12,000 Egyptian troops now serving the republican cause in the Yemen."

SALLAL SHOWS HIS HAND

Through the winter months and on into the spring and summer, the State Department continued to argue that recognition of the Sallal regime had been a sound decision. In late July, in reply to an angry letter from Senator BOURKE HICKENLOOPER charging failure of the recognition policy, Assistant Secretary Talbot declared: "We realized that only by recognizing the regime could we play a useful role in preventing an escalation of the Yemen conflict causing even more foreign interference and placing in serious jeopardy major U.S. economic and security interests in the Arabian Peninsula."

Almost the very opposite was true. In the months following recognition the total Egyptian forces in Yemen rose from 16,000 to an estimated 28,000, while Soviet and Soviet bloc personnel increased from less than 100 just before the coup (under the old

Imam, who died just a few days before the Sallal coup, their number had reached a peak of 500 to 600 and then declined) to something upward of 1,500 by latest estimates. The American presence, of such deep concern to the State Department as a counter to growing Soviet influence, has remained less than 100 persons.

The U.S. decision also sharply reduced the leverage Washington could have exercised on Nasser through its aid program, which provides a third of Egypt's food. It eliminated the possibility of any official U.S. negotiations with the royalist government to seek a peaceful compromise between the two factions. Finally, on the international scale, recognition was widely interpreted in Middle Eastern countries, Arab and non-Arab alike, as a U.S. acknowledgment of Nasser's right to pursue his ambitions and his philosophy of revolution by sending a large expeditionary force into a neighboring country.

The most embarrassing evidence of just how bad a bargain Washington had made began to appear in the days immediately following recognition. On December 20 Sallal gave an interview in Sana to a correspondent of Pravda in which, far from expressing any gratitude for U.S. recognition, he attacked Washington for supporting Saudi and Jordanian attempts to put down his revolution. "I advise the American people," he declared, "to demand an account from their leaders * * * for their reckless policy, which is followed by the rest of the Western World on every point." On December 23, by way of counterpoint, Nasser delivered a speech at Port Said declaring that his troops were engaged in a "sacred battle" in Yemen and that "Saud and Hussein will have their Sallals just as the Imam did." For good measure he went on to denounce Great Britain and promised to liberate Aden and the Protectorate. Then it was Sallal's turn once more. On December 27 he boasted that he now had modern rockets which he was prepared to use against Saudi Arabia and Jordan. Addressing himself to the Arab monarchs, he went on to declare that his regime was "building an army strong enough to liberate the entire Arabian Peninsula."

These words were quickly followed by action. For 3 days, beginning December 30, Ilyushin-28 bombers carried out heavy raids into Saudi territory directed against Najran, the major transit area for Saudi arms and supplies for the Yemeni royalist forces. Sharp protests from Riyadh and Washington had no effect, and a week later, on January 7, Najran suffered another bomber attack that lasted throughout the day.

This time Prince Faisal did not wait for Washington's reaction. Deeply angered not only by Egypt's latest aggression but also by Washington's failure to take a more vigorous stand, Faisal decided to release to the world the text of President Kennedy's letter to him of October 25 assuring him of "full U.S. support for the maintenance of Saudi Arabia's integrity," together with his own reply. The first broadcast of the letter went out over the Mecca radio in the late afternoon on January 7. There was little the White House could do but follow suit. The following day the President, without referring to Faisal's move, also made the letter public. The Washington Post headlined its report "Kennedy Reveals Support of Faisal."

Given the timing of the release, one passage of the letter in particular must have made curious reading to the Arab world. "I am fully aware," wrote the President, "that in order to accomplish your goals (of modernization and reform) you must have the requisite tranquility—an atmosphere devoid of recriminations and instigations from within or without. I share your concern at the tensions which prevail in the area and which hamper your design to strengthen the fabric of government and society in Saudi Arabia. As I indicated to you in Washing-

ton, the United States desires to be helpful in finding means of reducing these tensions."

With its left hand, it seemed, Washington had committed itself to defending Saudi Arabia against aggression. With its right hand it had just endorsed a government and a program of conspiracy clearly directed against the stability and security of the Arabian Peninsula.

Just 1 day later, on January 9, in a major speech at Aswan, Nasser declared, "We had to back the Yemeni revolution from the first day and the first moment," and launched into his usual threats against the Saudi Government. But this time he also had some embarrassing and humiliating words for Washington. "Last December," he stated, "we said that we were willing to withdraw our forces from the Yemen under conditions * * * Of course some people now forget the conditions and say the United Arab Republic had said it would withdraw when the United States extends recognition. We said we were willing to withdraw our forces by stages when the Saudis and Jordanians withdraw from the border regions which they use as bases for aggression, when outside aggression has also ended and when aid is stopped to the deposed royal family and also when outside interference from Bayhan (in the British protectorate) stops." In short, he was demanding that the Saudis evacuate their own territory. The proposition was in the best Nasser style.

PASSING THE BUCK

The U.S. proposal for disengagement, as originally put forward in the President's letters of late November, clearly called for the U.N. to play a supporting role, if and when necessary. Although the U.N., which had recognized the republican government 1 day after the United States had, was not markedly eager to take over the burden, pressure from Washington prevailed. In the closing days of February, Dr. Ralph Bunche, Under Secretary for Special Political Affairs in the Secretariat, was dispatched to the Middle East on a factfinding mission.

At about the same time, Washington was mounting a parallel drive to expedite the U.N. intervention. In early March it assigned the task to Ellsworth Bunker, a former Ambassador to India who had also performed a similar service for the administration in maneuvering the Dutch New Guinea crisis into the hands of the U.N. As special Envoy of the President, Bunker, after 2 or 3 weeks of secret and separate talks with Nasser, Faisal, and Sallal but not with the Yemeni royalists, obtained their agreement to a plan for phased Egyptian withdrawal tied to cessation of Saudi aid to the royalists. This set of proposals he quickly brought to U Thant at the U.N. According to Newsweek, in the course of his talks he told Faisal: "We have no policy to deal with Nasser or any other leader in the Near East as a chosen instrument of U.S. policy. We do not think Nasser is the wave of the future * * * I may say also that the President is aware of and intends to block Nasser's adventures." From Nasser he won a pledge to refrain from making further "inflammatory speeches" and from both parties a promise to cooperate with any effort the U.N. might make to check on the progress of disengagement.

On April 8, accordingly, a draft of the agreement was initiated at the U.N. by the contracting parties. On April 29, in a report to the Security Council, U Thant formally announced the disengagement agreement, carefully underlining the role of the Bunker mission, from which "emerged the agreed terms of disengagement." At the close of his report U Thant also declared his intention to send a U.N. observer team to Yemen to keep tabs on how well the contracting parties were keeping their promises.

Neither Washington nor the U.N. was particularly pleased by their joint handiwork.

One high U.N. official, unwilling to criticize his own organization, nonetheless made his point by remarking that the Bunker agreement was completely "weasel-worded" and full of holes. Indeed, the heavy pressure Washington now brought on U Thant to get his observer mission into Yemen as quickly as possible was a tacit recognition of how little confidence the State Department had in the agreement.

In the earliest days of May, President Nasser started to withdraw his forces, it is true. But the ships and planes that ferried the battleworn troops back to Egypt invariably returned in systematic rotation to Yemen loaded with fresh replacements. He had not, it appeared, in any way changed his objective. On May 20, in a speech to honor some of the returning veterans, he declared that his troops would remain in Yemen until the hour of "victory." A few days later Gen. Anwar Qadi, commander of the Egyptian Expeditionary Force, declared that Egypt's task in Yemen might take 5 years and would consist "first, of securing the revolution completely and, second, of working on creating a sound Yemeni national army." Both the fact and the rationale of rotation were in clear violation of the spirit, if not the letter, of the U.N. agreement; but in the opinion of administration officials who were queried by the press there was nothing to be done about it—except, of course, to protest to Cairo and appeal to the U.N. to hasten the dispatch of its observer mission. Meanwhile they continued to hope for the best. On April 29, the very day U Thant announced the disengagement agreement, James Grant, Assistant Secretary Talbot's deputy, had assured the House Foreign Affairs Committee that "we expect the Egyptian Army to start its withdrawal in a matter of a relatively few days." A month later, Secretary Rusk declared he expected the disengagement to "become fully effected * * * in the very few next days." By the end of July, Talbot seemed less certain about the matter: " * * * we are satisfied that the Saudis have terminated their assistance * * * and are hopeful the United Arab Republic will fulfill its part of the agreement."

Of all those concerned, perhaps only Nasser was really pleased by the disengagement agreement. For one thing, it laid down no deadlines for withdrawal. This omission, coupled with the fact, as U Thant put it in a later report to the Security Council, "that fulfillment by one side is contingent on fulfillment by the other," provided a self-renewing invitation to delay and evasion. Another feature of the agreement that worked to Nasser's advantage, at least for a time, is that it was never agreed to or signed by the royalists. This omission, which reflected Washington's longstanding conviction that the royalist forces were of no account and that the real danger lay in all-out war between the United Arab Republic and Saudi Arabia, has had several important consequences. It meant that the second largest fighting force in Yemen remains free to do as it pleases. So long as Nasser wants to remain in Yemen, it provides him with an ideal excuse: the right of self-defense against attacking forces that are not bound by the disengagement agreement. In trying to deal with this sticky aspect of the problem in his reply to Senator HICKENLOOPER's angry letter, Talbot was once more forced to resort to dubious rationalization. "The United Arab Republic," he wrote, "is not prohibited by the disengagement agreement from fighting tribes who continue to operate against the Central Government. However, the agreement does prohibit punitive attacks against tribes on the basis of resistance mounted before the agreement went fully into effect." (He was referring, of course, to the forces which U.N. documents designate as "Royalists.") In a later passage, by way of clarification he added: "In other words,

the United Arab Republic wants to withdraw its troops from Yemen. Its delay in doing so appears to result, therefore, not from any lack of desire. Rather it seems to flow from the continuance of tribal guerrilla warfare in the Yemen highlands and perhaps also from the multiplicity of problems facing the new government."

Neglect of the Royalists also posed embarrassing problems for the U.N. Important sectors of the proposed U.N. buffer zone along the Saudi-Yemeni border, from which all military forces and equipment were to be excluded, had been under royalist control from the earliest days of the fighting. How, then, could General Carl von Horn, the Swedish chief of the U.N. observer mission, send his men into these areas? He had no mandate to back him. Rather, it appeared, the contrary. In late August he resigned his U.N. post in anger and frustration, with sweeping charges of gross incompetence and moral cowardice against U.N. headquarters. At the same time, he also declared to a correspondent of the London Observer that he had been "expressly forbidden to make contact with the Royalists or even to acknowledge receipt of their letters."

In the report U Thant was obliged to make to the Security Council on September 4 at the end of the mission's first 2-month tour of duty, he freely admitted the failure of the mission: "It cannot be said at this stage that encouraging progress has been made toward effective implementation of the disengagement agreement. * * * No plan for phased withdrawal of United Arab Republic troops has been received." Nonetheless he asked for and received permission to continue the observer mission for another 2 months, i.e., until November 4, with the United Arab Republic and Saudi Arabia once more agreeing to pay the costs.

THE TRAINING-MISSION GAMBIT

By the end of September, with the disengagement agreement largely discredited, other solutions came up for speculation, including the possibility of extending the U.N. role to a peacemaking mission and even the chance that the two Yemeni factions will reach a compromise.

Although Washington policymakers are keeping an eye on these alternatives, publicly they still cling to their original scheme: in some way to salvage the republican government. It is hard to imagine just how this could be achieved unless some means could be found for getting Nasser out of Yemen while keeping him in. For some months there have been passing references in the press to plans for an Egyptian training mission which, after Nasser had fulfilled his pledge to withdraw his forces, would help create a strong republican army in Yemen. Although no such training mission is provided for by the U.N. agreement, it was, said a White House official, "part of the Bunker agreement. Bunker discussed it with both Nasser and Faisal. He made it clear that the United States naturally did not expect the United Arab Republic to cease all support to the republicans after its withdrawal. It was only reasonable that Nasser would want to give them a certain amount of financial and technical assistance—and of course a training mission to help build up their army." In private discussions, State Department estimates of the size of the training mission have ranged from 2,000 to at least one mention of 5,000 men. At the maximum figure, this would mean that Egyptian forces in Yemen would outnumber the present republican army by almost half.

In what is probably the only mention of the training mission in official documents of public record, the ill-starred Talbot letter to Senator HICKENLOOPER, there is this passing reference: "In view of the sustained Communist interest and activity in Yemen,

the most probable alternative to a republican regime beset by tribal anarchy and without United Arab Republic help at least in the form of a military training mission would be one with a Communist coloration heavily dependent on Soviet support."

The State Department is, in effect, proposing for Yemen a kind of U.S. "presence" by proxy. The Egyptian proxy, however, is known to be wholly dependent in turn on Soviet arms, with all that means in terms of potential leverage from Moscow, and furthermore is itself being trained by the Russians. The important question would seem to be just who is training whom and for what purpose.

To be sure, the State Department and Pentagon are also considering a U.S. training mission for Yemen. If and when approved, it would consist of three to five republican Yemeni officers who would be brought to the United States for language courses, general orientation, and some military training. The total cost of the mission would not exceed \$15,000.

The State Department has repeatedly declared that the United States has three "essential concerns" in Yemen: First, to protect Egypt's neighbors, in particular Saudi Arabia, from the dangers of a spreading conflict—which is to say from Egypt's ambitions beyond Yemen; second, to prevent the Soviet bloc from developing "a predominant position" in Yemen; and third, to encourage "a relatively stable and independent" Yemen. As the record shows, the administration's policy has gone a long way toward securing the reverse of these objectives.

In a dispatch from the Yemeni capital on September 12, Dana Adams Schmidt, Middle East correspondent for the New York Times, wrote: "Departure of the Egyptians from Yemen seems remote. Cairo's burden of maintaining soldiers and planes in Yemen is heavy, but it is not unbearable so long as Western and Soviet bloc aid to the United Arab Republic continues." Thus the fundamental question arises, as it does in other sectors of U.S. foreign policy, whether in Yemen and the United Arab Republic we are competing with the Soviet Union or working with it against ourselves.

Mr. GALLAGHER. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I believe the gentleman from Ohio has pointed out that we ought to look at the facts, as to what is involved in this amendment. I believe that it is proper to put the facts into proper perspective.

The gentleman has indicated that Israel would be placed in jeopardy if we do not adopt this amendment. The fact of the matter is that there is no way in which we could cause greater harm to Israel than by adopting this amendment. I do not believe anyone in this House carries better credentials in supporting the great vital nation of Israel against her enemies, nor in supporting the people of Israel in their great fight for freedom than do I. Therefore this is not the issue. The issue is shall we be mature enough to rise above the level of demagoguery and consider what best serves the interest of the United States and her great sister democracy, Israel in the Near East. It is regrettable that some people wish to view this highly emotional matter through partisan political lights forgetting that it is our President who is entrusted with the carrying out of our foreign policy and not the Congress.

The action proposed by the gentleman from Ohio would be contrary to the

national interest. It would result in deterioration of the U.S. position in the Near East.

Termination of sales of surplus U.S. foodstuffs to the United Arab Republic would not affect that country's capabilities. It could survive without our food for peace program by tightening its belt, reducing the living standards of its people, and increasing its reliance on the Soviets. Termination would not affect the United Arab Republic military program, but it would leave us with reduced influence in the United Arab Republic and throughout the area. By removing ourselves from the United Arab Republic scene, particularly at this critical juncture in Near Eastern affairs, we could help the Soviets recapture without a battle the favored position it held in the post-Suez period when we had no surplus food disposal program in the United Arab Republic. By deliberately sacrificing influence built up so painstakingly since 1958, we could destroy the position we now hold in the area, arouse widespread anti-American sentiment among the Arabs, and intensify the threat to the security of Israel.

Public Law 480 assistance has been provided to the United Arab Republic because it is a useful instrument to promote our relations with a key country in the region and to assist in vitally needed economic development. In providing it, we have taken into account all factors which affect our national interests in the area. Our policy is shaped in the light of the United Arab Republic's power and influence in the Near East and the fact that its population has outgrown available land resources. By supplying surplus agricultural commodities, which would otherwise be difficult to dispose of, we meet a basic food requirement of the Egyptian people, we afford them an alternative to complete dependence on the Soviet bloc, and we promote our influence for peace and stability in the Near East.

There are policy differences between ourselves and the United Arab Republic. However, cutting off food for peace programs—or deciding now to do so for next year—will not resolve these differences, will not bring the Near East any closer to peace, and will not serve our basic interests in the area.

Since the food for peace program was resumed in 1958 under the Eisenhower administration, it has permitted a more than three-fold increase in the United Arab Republic's economic development expenditures—proportionately far more than its military expenditures. This program which has enjoyed bipartisan support provides approximately 25 percent of the food grain requirements of the Egyptian people. It has been an important factor in raising per capita food consumption of the Egyptian people from 2,200 to 2,700 calories. And at the same time it helps the American grower and creates American employment.

The proceeds from sales of these surplus commodities have served to meet U.S. Government expenses both in the United Arab Republic and outside which otherwise would have cost us dollars.

The balance has been allocated for loans and grants to the United Arab Republic for economic development.

Our policy is long term, directed at obtaining eventual peace in the area. Its success must be measured not in terms of day-to-day issues but in terms of our ability to prevent political deterioration in the Near East. Relative to 1958, our position in the area is vastly improved. The Soviet breakthrough has been contained and pushed back by the determination of the Near Eastern peoples that their independence will not be impaired—a determination supported by U.S. policy. The Yemen Civil War which had threatened to throw the entire Arabian Peninsula into chaos has been limited. The greater our success in preventing war or insurrection, the better our chance to achieve our fundamental objective of building a foundation for peace. To work toward this end, we must have meaningful relations with all the states in the area.

Congressman BOLTON's proposal would insure deterioration of our relations with the most powerful and influential Arab State whose voice is heard and heeded in the Afro-Asian and nonaligned worlds. What then would be the fate of Israel if the United States had no leverage in this area, no means of deterring military adventurers intend on crushing out this young democracy? What then would be the future of Israel—our friend and ally?

This is not a pro-Israel amendment, nor is it a pro-United States amendment. This may well be a pro-royalist Yemen party amendment, which I believe is at the root of the matter. And if it is, then I do not believe—it is not sufficient justification to abandon the national interest of the United States and place in jeopardy the security of the Near East by planting the seeds of World War III.

The amendment should be defeated. If we are interested in maintaining the position of the United States in the Near East, if we are interested in seeing that the position of the United States does not deteriorate in the Near East, and if we are interested in maintaining stability and continuing this stability in the Near East—if we wish to protect our friends and deter aggression—then I believe we have a duty imposed upon us to vote against the amendment.

Mrs. FRANCES P. BOLTON. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise very much in support of this amendment.

Mr. Chairman, the Near East became of specific concern to me in 1945 when I was appointed to the Near East Subcommittee of the Foreign Affairs Committee. Some 9 years later the food-for-peace program was approved under President Eisenhower. During this time it has served America well and I have witnessed the great good of this program wherever hunger stalked the land.

But, however much our Christian heritage requires that we give of these surpluses, it makes no sense to continue to subsidize those whose activities only undermine American foreign policy. Such is the case today in Egypt.

Egyptian pressure is being placed

upon Libya and other Arab nations to force our withdrawal from Wheelus Air Force Base and to force the British withdrawal. If that base is abandoned, the effectiveness of our Air Force in Europe will be impaired for there are no such training facilities in Western Europe or anywhere else.

Because of our food-for-peace aid, Egypt has diverted dollars to develop atomic weapons which will upset the precarious balance of power and jeopardize neighboring nations such as Israel.

There remain 40,000 Egyptian troops in Yemen contrary to the agreement made with the United Nations, April 19, 1963, to withdraw all foreign troops from that troubled land.

Cairo has become a transit point for Russian arms to Cyprus and to potential trouble spots on the African Continent itself.

There is sufficient precedent for congressional action in this matter. Last year the Congress amended the foreign aid bill with the "antiaggression amendment," to which no attention has been given. This was clearly directed at only one country, Egypt. In spite of overwhelming bipartisan support, the congressional directive has not been implemented. There should be no disagreement with this effort to terminate Public Law 480 to Egypt. Such action agrees entirely with the 1964 platforms of both political parties.

I sincerely hope this amendment will be passed.

Mr. MULTER. Mr. Chairman, I move to strike out the requisite number of words.

(Mr. MULTER asked and was given permission to revise and extend his remarks.)

Mr. MULTER. Mr. Chairman, I am sure that no one in or out of this House will accuse me of being a friend of Mr. Nasser's. At the same time, when I am charged with being a friend of the State of Israel, I cheerfully plead guilty to the indictment. Nevertheless, I stand before you and urge you as earnestly as I can to defeat this amendment.

The amendment will not lead to peace in the Middle East. If anything, it will cause more turmoil and more difficulty. Bear in mind that this program provides for both sales and grants. There have been no grants under this program except to three countries in recent years. They are India, Pakistan, and Brazil. Egypt has been getting no grants in recent years under this program. There have been sales made to the United Arab Republic, and I hope they will continue. I say that not because of any friendliness to Nasser or his supporters but because of the humanitarian instinct that moves all of us. No matter where we may find the indigent, the needy, the ill, and the unfed, wherever we find them we should be ready and we have always been ready to feed them. When, under a program such as this, we deal with a belligerent country such as the United Arab Republic and we say we will sell you our surplus food that we do not need so you can feed your needy, we serve a double purpose. The hungry will not steal if

you feed them. So if Nasser can feed his hungry, let us sell them this surplus food. The more we sell them, the less money he has available with which to buy the war materiel he uses in his aggressive conduct against his neighbors.

Mr. OLIVER P. BOLTON. Mr. Chairman, will the gentleman yield to me at that point?

Mr. MULTER. Yes. I yield to the gentleman.

Mr. OLIVER P. BOLTON. Can he buy anything outside of his country with Egyptian currency?

Mr. MULTER. I am sure he can. You do not believe for one minute Russia is selling armaments to him for anything except his soft currency or cotton? He has only soft currency and cotton, and even that is soft. And even his cotton is soft.

Mr. OLIVER P. BOLTON. And if his cotton were used he would have to use it to buy food.

Mr. MULTER. He cannot use it both ways.

Mr. OLIVER P. BOLTON. That is correct; he cannot.

Mr. MULTER. If he is using it to buy food he cannot use it to buy war materiel.

Mr. Chairman, I urge the Committee to defeat this amendment. It will do no good. It will tie the hands of the President. Although we have had many Presidents friendly to peaceful people all over the world and particularly to Israel, I say there is no better friend of the state of Israel than President Johnson. Under the law that has already been quoted to us, if it becomes necessary to stop these sales to the United Arab Republic I am sure President Johnson will be the first to step in and say, "Let us stop this, it is doing us no good; it is doing us harm."

As long as the program is operating in a manner that helps produce peace in the area and may lessen war and aggression, let us not tie the hands of the President. This is a good program as it is. You make it a bad program with this amendment.

I realize that many of my colleagues say this is the way we have got to act so far as Nasser is concerned. I condone none of his activities and I am sure very few, if any, will condone his activities, whether they be directed against Israel or Yemen or Saudi Arabia or any of the other parts of that war-beleaguered area. Let us not tie the hands of the President. Let us keep this program as it is. Let us defeat this amendment.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield.

Mr. GALLAGHER. I would like to point out to the gentleman that since President Eisenhower endorsed the food for peace program in 1958, Egyptian cotton has been at the disposal of the West. Only that cotton which the Western market does not use is sold to the Soviet Union. And that goes to reduce the debt that they owe the Soviet Union. I think this program is a good one. I agree entirely with the gentleman.

Mr. OLIVER P. BOLTON. Mr. Chairman, will the gentleman yield at that point for a statement of fact?

Mr. MULTER. I yield.

Mr. OLIVER P. BOLTON. It is my understanding that in the last year 85 percent of the cotton production of Egypt went to Russia; is that not correct?

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield to me to answer that statement?

Mr. MULTER. I yield.

Mr. GALLAGHER. The statement is not correct.

Mr. OLIVER P. BOLTON. I would appreciate the gentleman's clearing up the point.

Mr. GALLAGHER. I want to clear up the point. I think it is an important point. I believe approximately 25 percent of the surplus cotton of Egypt has been sold to the Soviet Union.

Mr. HALPERN. Mr. Chairman, I rise in support of the amendment. I rise to express my full and profound support for the amendment offered by the distinguished gentleman from Ohio.

I need not repeat the many efforts which have been made in both Houses of the Congress to terminate the flow of American aid to countries which, consciously, subvert and destroy the very basis and justification for assistance.

Only last year the Senate and House voted an amendment to the foreign aid bill. The record clearly indicates that this provision was aimed at the United Arab Republic. Despite Colonel Nasser's military preparations, despite his subversive activities, and despite his open intervention in the Yemen war, contrary to mutually arrived at international accords, the administration has not cut off economic assistance.

Mr. Chairman, it is important to point out an ironic, self-defeating fact. I refer to the reliable reports that the North Vietnamese torpedo boats which attacked the U.S.S. *Maddox* were supplied by Egypt from surplus Russian arms stores. And we can well assume that the original purchases of these boats by Nasser were from the Russians—purchased if you will with funds generated by our Public Law 480 program and our other assistance programs to the United Arab Republic. How ridiculous, Mr. Chairman, can this policy be?

This makes a mockery of our assistance programs and subverts the high goals of their objectives.

I would remind my colleagues that I am a staunch ally of American foreign aid. We are attempting to build stable societies among the underdeveloped countries, where growth and order can succeed, without the distress and want giving way to revolutionary Marxism and the defeat of all we cherish in the world. Foreign aid, although it cannot by its very nature bring short-term conclusive rewards, is an indispensable instrument in this movement. This is the great challenge of the century.

But we need not attempt to buy the good will of those who would openly flout every tenet of decent international behavior. I see no sense in supporting through material aid those who physically and insipidly disregard international law and those who work toward

the destruction of peace and order in the world.

Our Government is supporting the struggle in South Vietnam because the North will not leave their neighbors alone. Our Government has bombed Pathet Lao positions in Laos because illegal infiltrations from the North have bolstered the Communist military presence and the North will not leave its neighbor alone. We have taken the lead in isolating Castro Cuba because the bearded one is engaging in an effort to sabotage regimes to the south. In a word, the United States has intervened with force when aggressor States have sought to upset regional power balance by subverting legal governments.

Colonel Nasser, since his assumption of power, has geared a network of subversion toward neighbor states which opposed his policies. We might term this indirect aggression. But it is precisely indirect aggression which we have labeled no different from armed and direct aggression, in that the dangers and effects are similar. Whether indirect or direct, aggression is an open maneuver to disrupt international legality and impose one's will by force.

I oppose economic assistance to the United Arab Republic because that country is not honestly using that aid in a reasoned and conscious effort to improve the lot of its impoverished masses. Our aid, to the contrary, is not helping to erect stability, peace, and order. Public Law 480 shipments to Egypt have helped that country divert its own scarce resources toward a military development program without justification. It is permitting an intervention in the Yemen costing approximately \$500,000 per day and involving at present 40,000 troops.

Indeed, as I stated earlier, Nasser's excursions make a mockery of our much-heralded food-for-peace program. The \$1.1 billion shipments of grain and food to Nasser since 1954, especially the step-up in 1962, supplied one-third of the nation's food consumption.

And the colonel is not finished with his fomentations. He is now engaging the South Arabian Federation, including Aden.

I trust that the amendment which has been offered by the gentleman from Ohio will receive overwhelming support.

Mr. FARBSTEN. Mr. Chairman, I move to strike the requisite number of words.

(Mr. FARBSTEN asked and was given permission to revise and extend his remarks.)

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. FARBSTEN. I yield to the gentleman from New Jersey.

Mr. GALLAGHER. I would like to point out for the RECORD that there was a statement made previously that the PT boats which attacked our ships in the Tonkin Gulf came directly or indirectly from Egypt.

Mr. Chairman, as of one-half hour ago, when I last checked this rumor, there was not one scintilla of intelligence that our country has accumulated which would support that statement to any de-

gree whatsoever. There is no evidence at all at the present time as far as the State Department is concerned or any of our intelligence agencies that this statement is correct.

If the gentleman who made the statement has additional evidence to this effect or additional information which would be useful as an intelligence source I am sure the Executive Department would be glad to have it.

Mr. FARBSTAIN. I do not know anything about that question and I cannot answer it. I shall not attempt to do so. I think that there is sufficient evidence which can be used as a basis for denial of the sale of Public Law 480 foodstuffs to Nasser.

Mr. Chairman, basically, this is an anti-Nasser amendment. This is similar to an amendment that I offered in committee last year and which was overwhelmingly passed by the Committee on Foreign Affairs.

Mr. Chairman, there is no reason why we should not adopt this amendment now. This man Nasser is an adventurer; this man is another Hitler; this man has made statements which no one believes but, like Hitler, will come to pass if we are not careful.

He is an enemy of the United States and has made evident that fact on various occasions. He represents, in my opinion, an unfriendly country. He is friendly with the Soviet Union. He helps support the arms industry of the Soviet Union.

We feed about half of Egypt's people through Public Law 480. Without Public Law 480 he would have to buy food. If he did not do so they would starve and the people might revolt. Perhaps that is what should happen to him. We enable this man to save the money that he would have to spend to buy food with which to feed his people; we enable him to use his cotton in exchange with the Soviet Union for arms. These arms in turn are transferred to various countries in Asia and Africa, all in opposition to the interests of this Nation.

This is a mandatory amendment; I appreciate that, and I hesitate to tie the hands of the President. But what are we going to do? My amendment adopted over a year ago stated that the President shall have the right to deny aid to any country that engages in aggression or that prepares for aggression. There is evidence that Nasser is not only preparing to engage in aggression but he is engaging in it. Yet nothing has been done. The State Department has said nothing and done nothing. The President has said nothing and done nothing. My amendment has been disregarded. He is our President, and I support him, but under the circumstances, Mr. Chairman, the only way we can put into effect this denial of aid to Nasser is by passing this mandatory amendment.

We are in effect subsidizing the arms industry of the Soviet Union. He has become a conduit of the Soviet Union in sending arms to various countries. He has now started trouble against Ethiopia. He is stage managing a war between Somalia and Ethiopia. We are being forced out of an airbase in Libya. Does this

man represent a friendly nation? Is this the type of man we should assist by giving his country food? I am in favor of feeding hungry people, but if by feeding those hungry people we permit that country to sell its cotton to the Soviet Union and supply arms to other countries for the purpose of making war, we would be defeating our humanitarian efforts. I think he should be stopped. The best way to stop Nasser is to agree to this amendment.

Mr. RYAN of New York. Mr. Chairman, I move to strike the requisite number of words.

(Mr. RYAN of New York asked and was given permission to revise and extend his remarks.)

Mr. RYAN of New York. Mr. Chairman, I rise in support of this amendment to section 107 of Public Law 480 which would prohibit aid under this act from going to the United Arab Republic. This is not a new issue before the House, it is not a new issue with me. Ever since I have been in Congress I have urged that the United States take action to curtail aid to Egypt, which has continued to engage in aggression. However, aid has continued despite the Arab boycott against American firms, despite Arab discrimination against American citizens, and despite the fact this aid is being used to substantially help Egypt to develop its own armament capacity and to prepare for aggression against Israel, the only true democracy and true friend of the United States in the Middle East.

Congress has not stood idly by while United States aid has poured into Egypt. Since 1961 Congress has written language into the foreign aid bills aimed at the Arab policy of religious discrimination. I have consistently supported these efforts and have consistently demanded that these amendments to the foreign aid bill be implemented. I am sorry to say that they have not been implemented.

Finally in 1963 Congress confronted the fact that Egypt was using United States aid to further her determination to destroy the democracy of Israel. The Foreign Assistance Act of 1963—Public Law 88-205—specifically prohibits aid:

To any country which the President determines is engaging in or preparing for aggressive military efforts directed against any country receiving assistance under this or any other Act.

There is no doubt from the legislative history that this clause is aimed specifically at Egypt. During last year's debate several of us made it crystal clear that Egypt's aggressive actions and designs were the object of this prohibition. In spite of the clarity of congressional purpose, this policy has not been carried out. The United States is still aiding Egypt. This contributes substantially to Egypt's armaments capability.

United States aid to Egypt under Public Law 480 has been substantial. Since 1954 over \$1.1 billion in Public Law 480 agricultural commodities have been shipped to that country. Under the 3-year agreement executed in 1962, Egypt will receive more than \$700 million in Public Law 480 commodities. This exceeds the combined Public Law

480 shipments to Latin America, the Far East and Africa for the same period. This massive United States aid makes it possible for Nasser to exchange cotton with the Soviet bloc for arms. In 1955 Nasser negotiated an arms-for-cotton barter deal with the Soviet Union. Since that time Nasser has received from the Soviet Union and the bloc countries more than \$1 billion worth of modern armaments. In addition, Nasser has spent large sums in the development of a medium-range-missile capability.

You may ask how Nasser has been able to afford such large expenditures for arms. Remember that our Public Law 480 aid supplies half the grain and one-third of the food consumed by Egypt. Had this aid not been available, Nasser would have been forced either to grow food instead of cotton or to use cotton exports to buy food. In either case less resources would have been available for the highly dangerous arms race in the Middle East.

Mr. Chairman, the United States must not be a silent partner to Egypt's arms buildup. The consequences of this buildup extend not only to Israel but to other nations which have suffered under Nasser's aggressive ambitions. In addition, in this age of thermonuclear weapons a war in the Middle East could embroil the entire world in a nuclear holocaust. For several years the Congress has expressed its concern over United States aid to Egypt. It is now time for Congress unequivocally to declare that the United States will no longer give aid to aggression. If we take this action, Nasser will have time to change his policy before the present program expires in late 1965. If Egypt's policy should change, then Congress can re-evaluate the situation. I urge support of this amendment.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. RYAN of New York. I yield to the gentleman from New Jersey.

Mr. GALLAGHER. Does the gentleman feel that the United States should withdraw from the Near East?

Mr. RYAN of New York. I think it is clear the United States has a responsibility to maintain stability in the Near East. I think we should continue to do that. We are not doing it by continuing this program, which has not reduced aggression but is encouraging aggression by Egypt, which is intending to destroy the State of Israel.

Mr. GALLAGHER. Does not the gentleman believe the United States is going to lose its leverage and prestige in the Near East if this amendment is adopted?

Mr. RYAN of New York. The United States is not going to withdraw from the Near East. It is trying to maintain peace in the Near East. The gentleman is just echoing the tired old argument we have heard from the State Department for 4 years. It is the argument which the State Department has advanced over the last 4 years. The fact is that it has not used the leverage it has in the law today. Since it has not, it is time the Congress did.

In any event, the present Public Law 480 agreement with Egypt does not expire until late 1965. If Nasser changes his policy, Congress can reevaluate the situation. That would be more realistic leverage.

[Mr. ROSENTHAL addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. MATTHEWS. Mr. Chairman, I move to strike the requisite number of words.

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. MATTHEWS. I yield to the gentleman from New York [Mr. MULTER].

Mr. MULTER. I thank the gentleman for yielding. I should like to address a question to the gentleman from New York [Mr. ROSENTHAL] if I may.

Mr. MATTHEWS. I yield to the gentleman.

Mr. MULTER. I understand the gentleman's feelings about the State Department. I do not agree with him so far as Secretary Rusk is concerned. Nevertheless, respecting his opinion and feelings with regard to the State Department, I say to him—and I feel sure he will agree with me—we can rely on President Johnson to do the right thing. The law now vests in the President of the United States, who presently is President Johnson, the discretion to stop any sales to the United Arab Republic or to any other country. I believe we ought to let this rest with the President, without this amendment, which would tie his hands.

Mr. MATTHEWS. If the gentleman will forgive me, I do not believe that was a question.

Mr. ROSENTHAL. I am willing to respond.

Mr. MATTHEWS. The gentleman from California I believe is seeking recognition. First I will yield to the gentleman from California [Mr. ROOSEVELT].

Mr. ROOSEVELT. I should like to ask the distinguished gentleman if it is correct that the present law requires the President to make a determination of an aggressor country.

Mr. MATTHEWS. That is true, in my opinion.

Mr. ROOSEVELT. In other words, it is not that he must make a determination a country is unfriendly, but he must find it is actually an aggressor. That is quite a different proposition, as it relates to the amendment of the gentleman from Ohio.

Mr. MATTHEWS. Mr. Chairman, I shall yield to other Members in a moment, if I have time remaining, but I wish very sincerely to present this point. It has been presented before.

This is not a question of whether one is pro-Israel or is against Israel. In my opinion, this is a fundamental question of the foreign policy of the United States of America.

When I came to this Congress we had a Republican President. I followed that Republican President in the shadowy areas of foreign relations. There are matters which are most difficult to decide. They are fraught with emotion.

In this particular instance I will say frankly, although I admire the gentleman from Ohio [Mr. OLIVER P. BOLTON] very much I put more credence in the judgment of the President of the United States in the direction of foreign policy, and I propose to follow his guidance. I will vote against the amendment.

Mr. OLIVER P. BOLTON. Mr. Chairman, will the gentleman yield?

Mr. MATTHEWS. I am delighted to yield to the gentleman from Ohio.

Mr. OLIVER P. BOLTON. I appreciate the gentleman's reliance upon the President. I, too, have the greatest respect for his judgment. I would say to the gentleman that we have had a condition in the world, a state of aggression which has been recognized by the United Nations, which created a special commission to go into the area to try to handle the aggression.

The Congress adopted a policy stating that we would not have Public Law 480 funds going into areas of aggression, and there has been no such determination. Therefore, with the greatest of respect for the administration and the difficulties in which they find themselves, I submit to the gentleman, going back to the comment of the gentleman from New Jersey, that this will give leverage to the program, because it will still have a year and a half to run.

Mr. MATTHEWS. Mr. Chairman, I cannot yield further at this time.

Some of my colleagues agree with the gentleman, and some I believe are more effective in their disagreement. This is a difficult area, where we would do well to follow the leadership of the President of the United States in the direction of foreign policy in this particular area.

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. MATTHEWS. I yield again to the gentleman from New York.

Mr. MULTER. I thank the gentleman.

I remember very well that I sat in this House with the gentleman from Florida when we tried to make the same point against an amendment directed against the State of Israel. I am happy to say that we were successful in keeping that provision from being written into law at that time, when people were claiming—without foundation, but they were claiming—that Israel was an aggressor. We kept that provision out then. I say now that we should keep this provision out, as it is directed against Israel's enemies.

Mr. ADAIR. Mr. Chairman, will the gentleman yield?

Mr. MATTHEWS. I yield to my dear friend from Indiana.

Mr. ADAIR. I would say to my beloved friend, since he has referred to this bill as one which writes foreign policy, I find it indeed strange that a bill which repeatedly, this afternoon, has been referred to as one relating to U.S. agriculture we now find it a vehicle for writing foreign policy.

Mr. MATTHEWS. I would say that is another area of shadow and I would hope my dear friend would agree with me in my interpretation of this particular area.

The CHAIRMAN. The time of the gentleman has again expired.

Mr. JOELSON. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, what I am about to say may be personally impolitic, but I do not intend to be one who plays politics with the empty bellies of hungry children, whether it be domestic or international politics. That is what we are dealing with here now—hungry people.

There is no doubt in my mind that Nasser is the Hitler of the Middle East. I certainly am 101 percent anti-Nasser. Nor is there any doubt in my mind that Israel is a great democracy and constitutes a model of democracy for the Middle East. I think certainly we must do everything within our power to see that arms and armaments of war and strategic materials are kept out of the hands of Nasser and his ilk. However, I think we are playing into the hands of a dictator when we create in his own country the conditions of poverty and hunger upon which dictators feed and grow strong.

We had a debate here about Russia and the sale of wheat to that country. Many people in this House voted to give the President the power to sell wheat to Russia. I did not hear them then talking about Russia being the implacable enemy, and that did not make them pro-Russian but made them intelligent people. In that case also, just as in the case of the Arab masses, we are dealing with subjugated hungry, deceived, and desperate people.

I say to you, do not penalize these people. Do not punish them because they have been betrayed by their own leaders. This is a bill having nothing to do with armaments of war. This is a bill having to do with compassion.

I think Israel is a humanitarian government and a strong government and can protect and defend itself. I doubt very much if the idealistic leaders of Israel want us to take any action whereby their neighbors in neighboring nations will starve of hunger.

Mr. FARBERSTEIN. Mr. Chairman, will the gentleman yield?

Mr. JOELSON. Yes. I will yield to my friend, the gentleman from New York [Mr. FARBERSTEIN].

Mr. FARBERSTEIN. Do you suppose for a moment Mr. Nasser would have any difficulty with feeding his people if he were to sell his cotton for food? Could he not just as well feed his people that way instead of selling cotton for arms?

Mr. JOELSON. The gentleman is my friend. I heard him say before that the best way to create revolution in Egypt is by having the people starve. I am afraid I cannot go along with that point of view. I think we can beat Mr. Nasser without seeing to it that the kids of the world starve. You must remember that we have a United Nations and we have UNICEF, which is dedicated to the proposition that every kid should have a full belly. I do not want to be one to recommend that they should starve.

Mr. FARBSTEN. Is the gentleman suggesting that Nasser should be permitted to sell his cotton for arms?

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. JOELSON. Yes. I yield to the gentleman from Iowa.

Mr. GROSS. How did the gentleman vote on the wheat for Russia bill?

Mr. JOELSON. The same way I am going to vote today. In the best interests of the United States of America.

Mr. GROSS. But how did you vote?

Mr. JOELSON. I voted for it. And I am going to vote against this amendment which would deny absolutely the right of our President to authorize the sale of food to Egypt.

Mr. GROSS. That is what I thought.

Mr. JOELSON. And I am being entirely consistent, just as the gentleman from Iowa is consistent in his opposition to everything.

Mr. DERWINSKI. Do I interpret the gentleman's position correctly to be that he feels dictators should be supported regardless?

Mr. JOELSON. Absolutely not. My position is we should not punish innocent people because cynical dictators have betrayed them.

Mr. DERWINSKI. In other words, you would rather subsidize a dictator than have his people permitted to change their government.

Mr. JOELSON. I do not believe in subsidizing dictators. I look upon giving missiles and arms as subsidizing them, but I do not believe that feeding weak children is subsidizing dictators.

Mr. OLIVER P. BOLTON. Mr. Chairman, will the gentleman yield?

Mr. JOELSON. I yield to the gentleman.

Mr. OLIVER P. BOLTON. The gentleman does not know, I am sure, under title II of this bill the President has authority to grant food to any country and their people that are in need regardless of whether they are defined as friendly or not.

Mr. JOELSON. I realize that.

Mr. OLIVER P. BOLTON. I thank the gentleman.

Mr. JOELSON. I yield back the balance of my time.

(Mr. COOLEY asked and was given permission to extend his remarks at this point in the RECORD.)

[Mr. COOLEY addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. COOLEY. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. HARRIS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H.R. 12298) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes, had come to no resolution thereon.

TO AMEND AND EXTEND NATIONAL DEFENSE EDUCATION ACT OF 1958 AND TO EXTEND PUBLIC LAWS 815 AND 874

Mr. GIBBONS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 3060) to amend and extend the National Defense Education Act of 1958 and to extend Public Laws 815 and 874, 81st Congress—federally affected areas—with House amendments thereto, insist upon the House amendments, and agree to the conference requested by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

Mr. BRUCE. Mr. Speaker, I object.

COMMITTEE ON INTERIOR AND INSULAR AFFAIRS

Mr. ASPINALL. I ask unanimous consent that the Committee on Interior and Insular Affairs have until midnight to file a conference report on S. 1123 and on S. 27.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

CONFERENCE REPORT (H. REPT. No. 1382)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1123) to provide for the construction of the Lower Teton division of the Teton Basin Federal reclamation project, Idaho, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows:

In lieu of the matter inserted by the House amendment insert the following:

That, in order to assist in the irrigation of arid and semiarid lands in the upper Snake River Valley, Idaho, to provide facilities for river power opportunities created thereby and, as incidents to the foregoing purposes, to enhance recreational opportunities and provide for the conservation and development of fish and wildlife, the Secretary of the Interior is authorized to construct, operate, and maintain the Lower Teton division of the Teton Basin Federal reclamation project. The principal engineering features of the said project shall be a dam and reservoir at the Fremont site, a pumping plant, powerplant, canals and water distribution facilities, ground water development, and related facilities in the upper Snake River Valley, Idaho. In the construction, operation, and maintenance of the said project and project works the Secretary shall be governed by the Federal reclamation laws (Act of June 17, 1902 (32 Stat. 388), and Acts amendatory thereof and supplementary thereto). The project shall be operated consistent with the existing agreements as to storage rights in the Federal reclamation reservoirs in the upper Snake River Basin.

SEC. 2. The period provided in subsection (d) of section 9 of the Reclamation Project Act of 1939, as amended, for repayment of construction costs properly allocable to any block of lands and assigned to be repaid by

the irrigators may be extended to fifty years, exclusive of a development period, from the time water is first delivered to that block or as near that number of years as is consistent with the adoption and operation of a repayment formula as therein provided. Costs allocated to irrigation in excess of the amount determined by the Secretary to be within the ability of the irrigators to repay within a fifty-year period shall be returned to the reclamation fund from revenues derived by the Secretary from the disposition of power marketed through the Bonneville Power Administration and attributable to Federal projects in Idaho.

SEC. 3. (a) The Secretary is authorized to construct, operate, and maintain or otherwise provide for basic public outdoor recreation facilities, to acquire or otherwise to include within the division area such adjacent lands or interests therein as are necessary for public recreation use, to allocate water and reservoir capacity to recreation, and to provide for the public use and enjoyment of division lands, facilities, and water areas in a manner coordinated with the other division functions. The Secretary is authorized to enter into agreements with Federal agencies or State or local public bodies for the operation, maintenance, or additional development of division lands or facilities, or to dispose of division lands or facilities to Federal agencies or State or local public bodies by lease, transfer, conveyance, or exchange upon such terms and conditions as will best promote the development and operation of such lands and facilities in the public interest for recreation purposes. The costs of the aforesaid undertakings, including costs of investigation, planning, Federal operation and maintenance, shall be nonreimbursable. Nothing herein shall limit the authority of the Secretary granted by existing provisions of law relating to recreation development of water resource projects or to disposition of public lands for recreation purposes.

(b) Costs of means and measures to prevent loss of and damage to fish and wildlife resources shall be considered as project costs and allocated as may be appropriate among other division functions.

SEC. 4. (a) The Secretary is authorized to amend contracts heretofore made under the Acts of September 30, 1950 (64 Stat. 1083), and of August 31, 1954 (68 Stat. 1026), whereby the water users assumed an obligation for winter power replacement based on the winter water savings program at the Minidoka powerplant to relieve the contractors ratably by one-third of that obligation, and to make new contracts under these Acts on a like basis. To the extent such annual obligations are reduced, the cost thereof shall be included in the cost to be absorbed by the power operations of the Federal power system in Idaho.

(b) The actual construction of the facilities herein authorized shall not be undertaken until at least 80 per centum of the conservation capacity in Fremont Reservoir is under subscription, nor until negotiations have been undertaken in accordance with the provisions of (a) of this section.

(c) No construction shall be undertaken on facilities of the Lower Teton division which are required solely to provide a full water supply to lands in the Rexburg Bench area until the Secretary has submitted his report and finding of feasibility on this phase of the division to the President and to the Congress.

SEC. 5. There is hereby authorized to be appropriated for the construction of the Lower Teton division of the Teton Basin Federal reclamation project, the sum of \$52,000,000, plus or minus such amounts, if any, as may be justified by reason of ordinary

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE

Washington, D. C. 20250

Official business

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HIGHLIGHTS: House passed Public Law 480 bill. Rep. Findley charged USDA "dumping" wheat on domestic market. Rep. Cohelan criticized cotton-wheat programs. Sen. Long, Mo., stated wheat program resulted in income increase for farmers. Senate passed bill to establish Public Land Law Review Commission.

SENATE

- 1. WILDLIFE; INSECTICIDES.** Passed with amendment H. R. 4487, to amend the act of August 1, 1958, in order to prevent or minimize injury to fish and wildlife from the use of insecticides, herbicides, fungicides, and pesticides. S. 1251, a similar bill previously passed as reported, was tabled. p. 20837
- 2. PERSONNEL.** Received from the Deputy Attorney General a report, pursuant to S. Res. 332, on an investigation of the alleged solicitation of career employees by either political party to purchase tickets to political fund-raising dinners. p. 20828

3. FARM LABOR; APPALACHIA. Sen. Morton criticized Dr. Stafford Warren's proposal to send 35,000 depressed-area Kentuckians to California to replace bracero labor and inserted several articles critical of this proposal. pp. 20831-2
4. SOIL AND WATER CONSERVATION. Sen. Hruska paid tribute to Soil Conservation Service leaders in Nebraska and inserted his speech discussing the merits of the Water Resources Research Act of 1964 and the water resources planning bill. pp. 20837-9
5. HOUSING; ALASKA. Sen. Bartlett reviewed some of the major provisions of the Housing Act, relating them to his State, Alaska. pp. 20839-41
6. ELECTRIFICATION. Sen. Nelson inserted a review of Sen. Grunhing's book, "The Public Pays and Still Pays," which states that the book is an "able, well-documented demonstration of the way private power, America's largest industry, seeks to discredit public power projects and Government direction of power facilities." pp. 20842-3
7. HOLIDAY. Sen. Dodd urged House passage of S. 108, to make Columbus Day a legal national holiday, and inserted testimony of John Ottaviano. pp. 20843-5
8. WHEAT. Sen. Long, Mo., defended the Administration and this department against criticism of the new wheat program, stating that his investigations of this matter showed that "instead of reducing farm income from wheat, as charged, the new program...in fact resulted in an actual increase in the 1964 income of wheat farmers." p. 20846
9. EDUCATION. Sen. Morse inserted an analysis of educational legislation enacted by the 88th Congress. pp. 20854-74
10. PUBLIC LAND LAW. Passed with amendment S. 8070, to establish a Public Land Law Review Commission to study existing laws and procedures relating to the administration of the public lands. pp. 20915-7
11. LEGISLATIVE ACCOMPLISHMENTS. Sen. Mansfield reviewed the legislative program and listed actions on major legislation. pp. 20917-18
12. ADJOURNMENT. Sen. Mansfield stated that the Senate would adjourn from Fri. to Tues., Sept. 8. p. 20914

HOUSE

13. PUBLIC LAW 480. By a vote of 349 to 6, passed with amendments H. R. 12298, to extend the Public Law 480 program for three years until Dec. 31, 1967 (pp. 20924-36, A4598-9). Agreed to an amendment by Rep. Cooley to substitute the language of H. R. 12298 as passed, for that of similar bill, S. 2687. H. R. 12298 was then tabled. (p. 20936). Conferees were appointed. (p. 20936)

Agreed to the following amendments:

By Rep. Findley, 183 to 175, to exclude from the benefits of title I programs any nation or area dominated or controlled by a Communist government or by the world Communist movement. pp. 20933-4

By Rep. Bolton, as amended by a substitute amendment by Rep. Roosevelt, 117 to 113, to prohibit the use of funds to aid nations conducting military aggression against friendly nations or whose policies are contrary to U. S. foreign policies. pp. 20924-28

By Rep. Rooney, to strike out the Findley amendment adopted on Wed. which would have required congressional approval before any local currencies under title I could be granted to a recipient country. pp. 20928-32

14. APPROPRIATIONS. Both Houses agreed to the conference report on H. R. 10809, the Labor-HEW and related agencies appropriation bill for fiscal year 1965. This bill will now be sent to the President. pp. 20910-13, 20919-24
15. NATIONAL PARKS. Both Houses agreed to the conference report on S. 27, to provide for the establishment of the Canyonlands National Park, Utah. This bill will now be sent to the President. pp. 20903-8, 20924
16. RECLAMATION. Both Houses agreed to the conference report on S. 1123, to provide for the construction of the Lower Teton division of the Teton Basin Federal reclamation project, Idaho. This bill will now be sent to the President. pp. 20902-3, 20924
17. FOOD ADDITIVES. Passed without amendment H. R. 12033, to amend the Federal Food, Drug, and Cosmetic Act so as to prohibit the use of food additives which have not been adequately tested to establish their safety. pp. 20937, 20939-40
18. LANDS; FORESTRY. Concurred in the Senate amendment to H. R. 6601; to authorize the Secretary of Agriculture to sell a tract of forest land to the city of Grand Junction, Colo. The Senate amendment provides that the Secretary of Agriculture shall notify the Senate and House Agriculture Committees at least 60 days before the proceeds of the sale are applied to the purchase of new land. This bill will now be sent to the President. p. 20954
19. RESEARCH FACILITIES. Concurred in the Senate amendment to H. R. 1642, to provide for the sale of the ARS Animal Quarantine Station, Clifton, N. J., to the city of Clifton. The Senate amendment provides that the Secretary of Agriculture shall notify the Senate and House Agriculture Committees at least 60 days before the proceeds of the sale are applied to the establishment of new station. This bill will now be sent to the President. pp. 20954-5
20. FARM PROGRAM. Rep. Findley charged that this Department was "dumping" CCC wheat on the domestic market and urged that Government sales be withheld until wheat prices go up. pp. 20961-2
Rep. Cohelan stated that the "cotton-wheat bill has not done what so many of its supporters earlier this year said it would do," and inserted an article, "Wheat, Cotton, and Political Arithmetic." pp. 20973-6
21. WATER POLLUTION. The "Daily Digest" states that the Public Works Committee voted to report (but did not actually report) "S. 649, and related bills, regarding water pollution." p. D751
22. POVERTY. Rep. Curtis urged the establishment of a select committee to review administration of the poverty program. p. 20960

23. FOOD DISTRIBUTION. Both Houses received a GAO report "on weaknesses in the administration of the program for direct distribution of Federal surplus commodities in St. Louis County, Mo., Agricultural Marketing Service." pp. 20828, 20977
24. AREA REDEVELOPMENT. Rep. Talcott criticized administration of the area redevelopment program. p. 20959
25. ELECTRIFICATION. Rep. Roosevelt commended enactment of legislation to authorize construction of the first part of the transmission intertie program to link Calif. with the Northwest and Southwest. pp. 20969-70
26. LEGISLATIVE PROGRAM. Rep. Albert stated that there was no major legislative business for the remainder of this week and that the House would adjourn over from Fri. to Tues. p. 20944

ITEMS IN APPENDIX

27. WHEAT. Extension of remarks of Rep. Dole stating that this Department "is using every possible method of depressing the market price for wheat" and inserting an article on this subject. pp. A4587-8
Extension of remarks of Rep. Battin inserting the text of a radio broadcast dealing with the 1965 wheat program and stating that "the problem has been compounded by the Secretary's failure to announce the feed grain program for 1965." p. A4590
28. POVERTY. Extension of remarks of Rep. Boggs describing how a community-wide effort is being made by the people in the New Orleans area to implement the opportunities offered by the poverty program. pp. A4588-9
Extension of remarks of Rep. Zablocki favoring the appointment of Sargent Shriver "to lead the fight against poverty." p. A4595
29. APPALACHIA. Extension of remarks of Rep. Fascell inserting a series of five articles, "Poverty in Appalachia." pp. A4590-5
30. RURAL AREAS. Rep. Olson, Minn., inserted Assistant Secretary Baker's speech before the annual convention of the Ark. Farmers Union on some of the changes that have been taking place in our rural areas. pp. A4607-9

BILLS APPROVED BY THE PRESIDENT

31. LAND AND WATER CONSERVATION. H. R. 3846, to establish a land and water conservation fund to assist the States and Federal agencies in meeting present and future outdoor recreation demands and needs of the American people. Approved September 3, 1964 (Public Law 88-578).
32. AGRICULTURAL APPROPRIATIONS. H. R. 11202, Department of Agriculture and related agencies appropriations, 1965. Approved September 2, 1964 (Public Law 88-573).
33. APPROPRIATIONS. H. R. 11369, military construction appropriations, 1965. Approved September 2, 1964 (Public Law 88-576).
34. RECLAMATION. H. R. 130, to provide for the payment of compensation, including severance damages, for rights-of-way acquired by the United States in

88TH CONGRESS
2D SESSION

S. 2687

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 3, 1964

Ordered to be printed as passed

AN ACT

To extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That the Agricultural Trade Development and Assistance
4 Act of 1954, as amended, is further amended as follows:
5 ~~(1)~~ Section 101 of such Act is amended by striking
6 out in subsection ~~(f)~~ the words “from the government or
7 agencies thereof” and further by striking the period at the
8 end of subsection ~~(f)~~ and adding the following: “, and which
9 are not less favorable than the highest of exchange rates
10 obtainable by any other nation.”.

1 ~~(2)~~ Section 101 of such Act is amended by adding at
2 the end thereof the following new subsection:

3 “~~(g)~~ require such foreign currencies to be convertible
4 to dollars to the extent consistent with effectuation of the
5 purposes of this Act.”

6 ~~(3)~~ Section 102 of such Act is amended by adding at
7 the end thereof the following: “The Commodity Credit Cor-
8 poration shall finance ocean freight charges under this sec-
9 tion only to the extent that such charges are higher ~~(than~~
10 would otherwise be the case) by reason of a requirement
11 that the commodities be transported in United States-flag
12 vessels.

13 ~~(4)~~ Section 103~~(a)~~ of such Act is amended by adding
14 at the end thereof the following: “In presenting his budget,
15 the President shall classify expenditures under this Act as
16 expenditures for international affairs and finance rather than
17 for agriculture and agricultural resources.”

18 ~~(5)~~ Effective January 1, 1965, section 103~~(b)~~ of such
19 Act is amended to read as follows:

20 “~~(b)~~ Agreements shall not be entered into under this
21 title during the period beginning January 1, 1965, and end-
22 ing December 31, 1966, which will call for appropriations
23 to reimburse the Commodity Credit Corporation in a total
24 amount in excess of \$2,700,000,000 plus any amount by
25 which agreements entered into in prior years have called

1 or will call for appropriations to reimburse the Commodity
2 Credit Corporation in amounts less than authorized for such
3 prior years by this Act as in effect during such years: *Pro-*
4 *vided*, That agreements shall not be entered into during any
5 calendar year of such period which will call for appropria-
6 tions to reimburse the Commodity Credit Corporation in
7 amounts in excess of \$2,500,000,000."

8 ~~(6)~~ Section 104 of such Act is amended by striking out
9 in subsection ~~(c)~~ the word "military" and inserting after
10 the words "common defense" the words "including internal
11 security".

12 ~~(7)~~ Section 104 of such Act is amended by striking
13 from subsection ~~(c)~~ the words "not more than 25 per centum
14 of the currencies received pursuant to each such agreement
15 shall be available" and substituting "currencies shall also be
16 available to the maximum usable extent."

17 ~~(8)~~ Section 104 of such Act is amended ~~(i)~~ by striking
18 out in the first proviso following subsection ~~(s)~~, "subsections
19 ~~(d)~~ and ~~(e)~~ and for payment of United States obligations
20 involving grants under subsection ~~(f)~~" and inserting in lieu
21 thereof "this section, and to all foreign currencies derived
22 from payments of interest or repayments of principal on loans
23 made under this section,"; and ~~(ii)~~ by striking out the
24 second proviso following subsection ~~(s)~~.

25 ~~(9)~~ Section 104 of such Act is amended by adding at

1 the end thereof the following: "No agreement hereunder
 2 shall impose any restrictions not contained in this section on
 3 the use to meet the requirements of United States Govern-
 4 ment agencies in the importing country of local currencies not
 5 devoted to subsection (c), (d), (e), or (g). Any such cur-
 6 rencies shall under the terms of the agreement be made legal
 7 tender or convertible into legal tender for the purpose of any
 8 obligation of the United States or any of its agencies to the
 9 government of the importing country or any of its agencies.
 10 Any loan made under the authority of this section shall bear
 11 interest at such rate as the President may determine but not
 12 less than the cost of funds to the United States Treasury,
 13 taking into consideration the current average market yields
 14 on outstanding marketable obligations of the United States
 15 having maturity comparable to the maturity of such loans."

16 ~~(10)~~ Section 108 of such Act is amended by striking out
 17 the words "six months" and inserting in lieu thereof the
 18 word "year".

19 ~~(11)~~ Section 203 of such Act is amended (i) by striking
 20 out "1961" and substituting "1965"; (ii) by striking out
 21 "1964" and substituting "1966"; (iii) by striking out
 22 "\$300,000,000", and substituting "\$375,000,000"; and
 23 (iv) by inserting after "charges for general average contri-
 24 butions arising out of the ocean transport of commodities
 25 transferred pursuant hereto" the following: "or donated

1 under said section 416, section 308 of this Act or section 9 of
2 the Act of September 6, 1958 (72 Stat. 1790)". Clauses
3 (i), (ii), and (iii) hereof shall not become effective until
4 January 1, 1965.

5 (12) Sections 109 and 204 of such Act are amended by
6 striking out "1964" and inserting "1966".

7 (13) Clause (1) of section 304(a) of such Act is
8 amended by inserting after the words "Union of Soviet
9 Socialist Republics" the words "or the Communist regime in
10 China".

11 (14) The first sentence of section 403 of such Act is
12 amended by striking out the words "more than" and insert-
13 ing the words "less than".

14 SEC. 2. Subsection (b) of section 612 of the Foreign
15 Assistance Act of 1961, as amended, is amended (1) by
16 redesignating it as subsection (t) of section 104 of the Agri-
17 cultural Trade Development and Assistance Act of 1954,
18 as amended.

19 (2) By inserting after the subsection designation the
20 following: "For sale to United States citizens as provided
21 herein.";

22 (3) By striking "this Act" and substituting "the For-
23 eign Assistance Act of 1961, as amended.";

24 (4) By changing the period at the end of the subsection

1 to a comma and adding "except that in the case of any such
 2 foreign currencies acquired through operations under title I
 3 of the Agricultural Trade Development and Assistance Act
 4 of 1954, as amended, the United States dollars received
 5 from the sale of such foreign currencies shall be deposited to
 6 the account of the Commodity Credit Corporation and shall
 7 be treated as a reimbursement to Commodity Credit Cor-
 8 poration under section 105 of this Act."

9 SEC. 3. Notwithstanding any other provision of law, the
 10 Commodity Credit Corporation, in order to encourage ex-
 11 ports of extra long staple cotton which is in surplus supply,
 12 is directed to sell or otherwise make available for export
 13 extra long staple cotton at prices not in excess of the prices
 14 at which cotton of comparable qualities is being offered by
 15 other exporting countries.—Such cotton shall be sold or other-
 16 wise made available for export as long as such cotton is in
 17 surplus supply as determined pursuant to the provision of
 18 section 106 of the Agricultural Trade Development and
 19 Assistance Act.

20 *That the Agricultural Trade Development and Assistance*
 21 *Act of 1954, as amended, is further amended as follows:*

22 (1) *Effective January 1, 1965, that part of Section*
 23 *103(b) of such Act which precedes the colon is amended*
 24 *to read as follows: "Agreements shall not be entered into*

1 under this Title during the period beginning January 1, 1965
2 and ending December 31, 1967 which will call for appropria-
3 tions to reimburse the Commodity Credit Corporation in a
4 total amount in excess of \$4,000,000,000 plus any amount by
5 which agreements entered into in prior years have called or
6 will call for appropriations to reimburse the Commodity
7 Credit Corporation in amounts less than authorized for such
8 prior years by this Act as in effect during such years.”

9 (2) Section 104 of such Act is amended by striking
10 out in subsection (c) the word “military” and inserting
11 after the words “common defense” the words “including
12 internal security”.

13 (3) Section 104 of such Act is amended by adding the
14 following new subsection:

15 “(u) None of the foreign currencies generated under this
16 Act shall be used to promote or to help promote, or to increase
17 production of any farm commodity units of which shall have
18 been exported from such country in the preceding calendar
19 year, in competition with production in the United States.”

20 (4) The first proviso at the end of section 104 of such
21 Act is amended by striking out “to not less than 10 per centum
22 of the foreign currencies which accrue under this title:”
23 and substituting “, effective with respect to agreements entered
24 into during the period beginning January 1, 1965 and ending

1 *December 31, 1967 to not less than 20 per centum in the*
2 *aggregate of the foreign currencies which accrue under such*
3 *agreements:”.*

4 (5) *Section 107 of such Act is amended by adding at*
5 *the end thereof the following: “For the purposes of titles I*
6 *and IV of this Act, the term ‘friendly nation’ shall not include*
7 *any country which permits ships or aircraft under its registry*
8 *to transport to or from Cuba (excluding United States instal-*
9 *lations in Cuba) any equipment, materials, or commodities,*
10 *so long as Cuba is governed by the Castro regime.”*

11 (6) *Section 108 of such Act is amended by striking out*
12 *the words “six months” and inserting in lieu thereof the word*
13 *“year”.*

14 (7) *Sections 109 and 204 of such Act are amended by*
15 *striking out “1964” and substituting in lieu thereof “1967”.*

16 (8) *Section 203 of such Act is amended by striking out*
17 *“1961” and substituting “1965”; by striking out “1964”*
18 *and substituting “1967”; by striking out “\$300,000,000”,*
19 *and substituting “\$450,000,000”; and by inserting after*
20 *“charges for general average contributions arising out of the*
21 *ocean transport of commodities transferred pursuant hereto”*
22 *the following: “or donated under said section 416, section 308*
23 *of this Act or section 9 of the Act of September 6, 1958.”*

24 (9) *Section 203 of the Act is amended by inserting*
25 *after the third sentence of said section the following new*

1 sentence: "In addition to other funds available for such
2 purposes under any other Act, funds made available under
3 this title may be used to purchase foreign currencies
4 accruing under title I in order to meet costs (except the
5 personnel and administrative costs of cooperating sponsors,
6 distributing agencies, and recipient agencies, and the costs
7 of construction or maintenance of any church owned or
8 operated edifice or any other edifices to be used for sectarian
9 purposes) designed to assure that commodities made avail-
10 able under this title or under title III are used to carry out
11 more effectively the purposes for which such commodities
12 are made available or to promote community and other self-
13 help activities designed to alleviate the causes of the need for
14 such assistance: Provided, however, That such funds shall
15 be used only to supplement and not substitute for, funds
16 normally available for such purposes from other non-
17 United States Government sources," and by inserting after
18 the word "costs" in the last sentence the words "or for the
19 purchase of foreign currencies".

20 (10) Section 101 of such Act is amended by striking
21 out in subsection (f) the words "from the government or
22 agencies thereof" and further by striking the period at the
23 end of subsection (f) and adding the following: ", and
24 which are not less favorable than the highest of exchange
25 rates obtainable by any other nation."

1 (11) *The President is directed that no funds under*
2 *this Act shall be spent in any country unless he finds such*
3 *country is not (a) an aggressor, in a military sense, against*
4 *any country having diplomatic relations with the United*
5 *States, or (b) using funds, of any sort, from the United*
6 *States for purposes inimical to the foreign policies of the*
7 *United States.*

8 (12) *Section 107 of such Act is amended by striking the*
9 *phrase “(2) any nation or area dominated or controlled by*
10 *the foreign government or foreign organization controlling*
11 *the World Communist movement.” and insert in lieu thereof*
12 *the phrase “(2) any nation or area dominated or controlled*
13 *by a Communist government or by the world Communist*
14 *movement.”*

15 *SEC. 2. Subsection (b) of section 612 of the Foreign*
16 *Assistance Act of 1961, as amended, is amended (1) by*
17 *redesignating it as subsection (t) of section 104 of the Agri-*
18 *cultural Trade Development and Assistance Act of 1954,*
19 *as amended.*

20 (2) *By striking “this Act” and substituting “the For-*
21 *foreign Assistance Act of 1961, as amended.”.*

22 (3) *By changing the period at the end of the subsection*
23 *to a comma and adding “except that in the case of any such*
24 *foreign currencies acquired through operations under title I*
25 *of the Agricultural Trade Development and Assistance Act*

1 of 1954, as amended, the United States dollars received
2 from the sale of such foreign currencies shall be deposited to
3 the account of the Commodity Credit Corporation and shall
4 be treated as a reimbursement to Commodity Credit Corpo-
5 ration under section 105 of this Act.”

6 SEC. 3. Section 416 of the Agricultural Act of 1949, as
7 amended, is amended by adding the following at the end
8 of such section: “The assistance to needy persons provided
9 in (4) above shall, insofar as practicable, be directed toward
10 community and other self-help activities designed to alleviate
11 the causes of the need for such assistance.”.

Passed the Senate August 19, 1964.

Attest:

FELTON M. JOHNSTON,

Secretary.

AN ACT

To extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes.

SEPTEMBER 3, 1964

Ordered to be printed as passed

Naval Medical Center and with many other Government and academic facilities which are located in Washington.

With this comment which is included in the report of the conference committee indicating that this facility should not be located within 50 miles of the District of Columbia, the question is raised as to whether or not the Department of Health, Education, and Welfare can follow its own best judgment on this question. I believe that this kind of comment—this indirect direction by a congressional committee is not based upon merit but is based upon the parochial considerations of some members.

I believe that when the Constitution directed that there should be a Federal city to serve as a National Capital it was intended that all of the governmental institutions necessary to Government should be located there when that was feasible and desirable. By the use of this conference committee report, the members of the conference committee are frustrating the intent of the Constitution.

Mr. SICKLES. Mr. Speaker, although I cannot oppose the conferee's final report on the Department of Health, Education, and Welfare's appropriations, I must express my deep concern at the action taken by the committee in two very important areas related to the Washington metropolitan community.

The committee's exclusion of funds for five residential vocational centers including one earmarked for the Nation's Capital is extremely unfortunate. There is considerable evidence to show the importance and the necessity of these facilities. I am convinced that their exclusion from the conference committee's report, will, in the long run, be harmful to our total efforts to better prepare our Nation's young people for their future.

Secondly, the deliberate recommendation by the committee precluding the development of the proposed Environmental Health Center within a 50-mile radius around the Nation's Capital will jeopardize the health of all Americans. Once again it opens the location of this urgently needed facility to the process of political manipulation. That the Center should be located in the Washington metropolitan area has been documented time and time again. The action of the conferees only frustrates the efforts we have made to bring this vital agency to a fruition and to undertake the studies designed to improve the health of our citizens.

As I said at the beginning of my remarks, I cannot oppose the HEW appropriation because the agency must conduct its vital work. But my vote is cast reluctantly knowing the unfortunate results of the committee's action in these areas.

Mr. FOGARTY. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

The SPEAKER. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 11: Page 14, line 24, insert the following: "That applications filed on or before June 30, 1964, shall receive priority over applications filed after such date."

Mr. FOGARTY. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. FOGARTY moves that the House recede from its disagreement to the amendment of the Senate numbered 11 and concur therein.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 13: Page 20, line 6, strike out "\$40,656,000" and insert "\$41,065,000".

Mr. FOGARTY. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. FOGARTY moves that the House recede from its disagreement to the amendment of the Senate numbered 13 and concur therein with an amendment, as follows: In lieu of the matter stricken and inserted, insert the following: "\$41,065,000: *Provided*, That for the purpose of determining the amount of payments to States from any appropriation for carrying out sections 2 and 3 with respect to expenditures under a State plan approved under said Act (and, if made after August 3, 1954, and prior to July 1, 1965, certified by the Secretary of Health, Education, and Welfare prior to July 1, 1965, for payment), State funds shall, subject to such limitations and conditions as may be prescribed in regulations of the Secretary, include contributions of funds made by any private agency, organization, or individual to a State to assist in meeting the costs of establishment of a public or other nonprofit workshop or rehabilitation facility, which would be regarded as State funds except for the condition, imposed by the contributor, limiting use of such funds to establishment of such workshop or facility."

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 18: Page 23, line 17, insert: "Grants and payments for the next succeeding fiscal year: For making, after March 31 of the current fiscal year, grants and payments under section 306 of the Public Health Service Act for the first quarter of the next succeeding fiscal year, such sums as may be necessary, and the obligations incurred and expenditures made hereunder shall be charged to the appropriation for that purpose for such fiscal year: *Provided*, That such payments pursuant to this paragraph may not exceed 75 per centum of the amounts authorized in such section for this purpose for the next succeeding fiscal year."

Mr. FOGARTY. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. FOGARTY moves that the House recede from its disagreement to the amendment of the Senate numbered 18 and concur therein with an amendment, as follows: In lieu of "75 per centum", insert "50 per centum".

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 26: Page 25, line 17, insert: "Loans, grants, and payments for the next succeeding fiscal year: For making, after March 31 of the current fiscal year, loans, grants, and payments under part B of title VIII of the Public Health Service Act for the first quarter of the next succeeding fiscal year, such sums as may be necessary, and the obligations incurred and expenditures made hereunder shall be charged to the appropriation for that purpose for such fiscal year: *Provided*, That such payments pursuant to this paragraph may not exceed 75 per centum of the amounts authorized in such part B for these purposes for the next succeeding fiscal year."

Mr. FOGARTY. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. FOGARTY moves that the House recede from its disagreement to the amendment of the Senate numbered 26 and concur therein with an amendment, as follows: In lieu of "75 per centum", insert "50 per centum".

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 36: Page 33, line 21, insert:

"SPECIAL CANCER RESEARCH

"For special studies of viruses, leukemia and allied diseases, \$10,000,000: *Provided*, That these funds may be expended pursuant to contracts made to the extent authorized, and subject to the limitations provided, in title 10, United States Code, section 2353, except that determination, approval, and certification required thereby shall be by the Surgeon General."

Mr. FOGARTY. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. FOGARTY moves that the House recede from its disagreement to the amendment of the Senate numbered 36 and concur therein.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk reads as follows:

Senate amendment No. 52: Page 42, line 9, insert: "*Provided further*, That none of the funds contained herein shall be used on or after April 1, 1965, to pay in excess of one-half of the cost of day care services under section 527(a) of the Social Security Act, as amended."

Mr. FOGARTY. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. FOGARTY moves that the House recede from its disagreement to the amendment of the Senate numbered 52 and concur therein with an amendment, as follows: In lieu of the matter proposed to be inserted, insert the following: "*Provided further*, That after January 1, 1966, no Federal funds shall be used to pay in excess of one-half of the cost of day care services under section 527 (a) of the Social Security Act, as amended."

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 58: Page 50, line 4 insert:

"Sec. 205. Except upon the request of the Department of the Interior none of the

We have given him notice he cannot spend it, including Public Law 480 funds, except when he has made this important decision.

Mr. PUCINSKI. Mr. Chairman, will the gentleman yield?

Mr. ROOSEVELT. I yield to the gentleman.

Mr. PUCINSKI. I would like to congratulate the gentleman from California for offering the substitute. It is a very fine one, and I hope the House will adopt it. Certainly the President should have a free hand to deal with these problems, but Congress should go on record as expressing our desire to do something with the aid we have been giving out to people such as Nasser who are creating a great deal of difficulty. Recently he concluded an agreement with Archbishop Makarios, offering to give him assistance in Cyprus against our best interests. I think that the substitute the gentleman offers would indeed put Congress on record as serving notice on the administration that while we feel the administration should have a free hand, there are limits to the patience of the American people in supporting and in giving aid to these men who constantly disrupt the foreign policy and act against the best interests of America and who work hand in hand with the Soviet Union.

I think this is a fine amendment.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. ROOSEVELT. I yield to the gentleman.

Mr. GALLAGHER. Is it the gentleman's intention that his amendment would bring Public Law 480 into line with the determination that the President must make under the foreign aid bill?

Mr. ROOSEVELT. Yes, sir. Exactly, if the gentleman will yield to me, except that I have broadened it somewhat because under the foreign aid bill act he must, in essence, declare them to be an aggressor.

Mr. GALLAGHER. Yes.

Mr. ROOSEVELT. And I thought that was a little too tight. If they are working against the foreign policy of the United States, the President should have the same discretion.

Mr. GALLAGHER. I think the gentleman has performed a fine service in delineating the problem. Everyone is interested in deterring the aggressions that Mr. Nasser threatens. I think the gentleman from New York [Mr. FARBSTAIN] brought this out to those of us who are very concerned with this problem. I think if you are offering this as a test of the President's sincerity to properly handle this very serious matter, then I believe your proposal will serve a worthwhile purpose and it is a very worthy substitute for the amendment. I would urge that it be supported and I would like to compliment the gentleman from California for his statesmanlike approach to a very difficult matter.

Mr. ROOSEVELT. I thank the gentleman.

Mr. JOELSON. Mr. Chairman, will the gentleman yield?

Mr. ROOSEVELT. I yield to the gentleman.

Mr. JOELSON. Mr. Chairman, I should like to say that I think the gentleman from California is performing a valuable service in offering this substitute, because it does not tie the President's hands. It gives us the maneuverability we seek. I certainly should be very happy to support this substitute in the best interests of this country and peace in the Middle East.

Mr. ROOSEVELT. I thank the gentleman.

Mr. FARBSTAIN. Mr. Chairman, will the gentleman yield?

Mr. ROOSEVELT. I yield to the gentleman from New York.

Mr. FARBSTAIN. Mr. Chairman, I would like to understand wherein the gentleman's proposed amendment is any different from the existing Foreign Aid Act?

Mr. ROOSEVELT. I would say to the gentleman that I think he will find that, while there may be the conclusion that what is in the foreign aid bill should apply to funds under Public Law 480, it is also held by some distinguished scholars and attorneys that it does not, because it is not in essence directly foreign aid. Therefore, in order to make sure that there is no question that the same general policy should apply to Public Law 480 as it does to foreign aid, I have offered this amendment.

Mr. FARBSTAIN. Mr. Chairman, under the foreign aid bill as it now exists, a year and half has elapsed. I think there is no question that Mr. Nasser has been guilty both of aggression and preparing for aggression and during this entire period nothing has been done or said by anyone to stop it. The gentleman's amendment solely says that Public Law 480 shall be guided by the same rules by which the foreign aid bill is guided. In effect you are doing nothing that is different from what has been done in the past year and a half. How are you going effectively to stop Mr. Nasser with your amendment?

The CHAIRMAN. The time of the gentleman from California [Mr. ROOSEVELT] has expired.

(Mr. ROOSEVELT asked and was given permission to proceed for 2 additional minutes.)

Mr. ROOSEVELT. Mr. Chairman, I want to answer the gentleman's question. I think the gentleman's question is a legitimate one. I have been disturbed as he has been disturbed by the lack of action on the part of the State Department, indeed on the part of the President. But I would say to the gentleman that I think we have been through a most difficult period. In some of these instances it takes many, many months to accumulate the evidence upon which such action must be taken and I am convinced that one more prodding by this Congress of the State Department and of the President by this kind of a directive will result in the kind of action which is justifiable. I do not want to tie the hands of the President in a way that would be unrealistic and therefore I have offered this amendment.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. ROOSEVELT. I yield to the gentleman.

Mr. COOLEY. Mr. Chairman, I want to ask the gentleman a question. Is it not a fact that the gentleman's amendment would apply uniformly around the world? He does not single out and name any nation. That is the difference between his proposal and the proposal offered by the gentleman from Ohio [Mr. OLIVER P. BOLTON].

Mr. ROOSEVELT. That is correct. I believe very firmly that we should not try to single out individual situations if we can possibly help it.

Mr. COOLEY. I thank the gentleman.

Mr. ROOSEVELT. This is a policy which we can defend as a national policy.

Mr. ADAIR. Mr. Chairman, will the gentleman yield?

Mr. ROOSEVELT. I yield to the gentleman from Indiana.

Mr. ADAIR. Mr. Chairman, I should like to ask the gentleman if he knows of any specific instances where the President has taken advantage of the power and authority given him by the foreign aid bill to move in the direction of curtailing Mr. Nasser?

Mr. ROOSEVELT. Yes, sir; there have been. I do not know whether I am allowed properly to say this, but I know that there have been very serious warnings and consultations to and with the Government of Egypt, representations to them that under the foreign aid bill these matters must be considered. I do know, because I have checked, that the matter is presently under constant review in the Department of State and by the President himself.

The CHAIRMAN. The time of the gentleman from California [Mr. ROOSEVELT] has again expired.

(Mr. ROOSEVELT (at the request of Mr. ADAIR) was given permission to proceed for 2 additional minutes.)

Mr. ADAIR. Mr. Chairman, will the gentleman yield further?

Mr. ROOSEVELT. I yield to the gentleman from Indiana.

Mr. ADAIR. I would ask the gentleman if there has been a presidential determination made, as provided for by the foreign aid law?

Mr. ROOSEVELT. No, sir; to my knowledge it has not been as of this time.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. ROOSEVELT. I yield to the gentleman from New Jersey.

Mr. GALLAGHER. There has been action taken, as the gentleman from Indiana well knows, in the case of Indonesia where we had a situation that involved Mr. Sukarno. There has been a termination of a great deal of the technical assistance that was going into that area.

Mr. ADAIR. Mr. Chairman, if the gentleman will yield further, as the gentleman from New Jersey certainly knows I hold no brief for the actions of Mr. Sukarno. But that is not here under discussion.

Mr. GALLAGHER. No, but the gentleman wanted an illustration of where this action was undertaken.

Mr. ADAIR. We were talking about whether or not a presidential determination has been made with respect to President Nasser of the United Arab Republics.

Mr. GALLAGHER. I misunderstood the gentleman. I thought the gentleman wanted an illustration of where the State Department had made a determination along that line.

Mr. RYAN of New York. Mr. Chairman, will the gentleman yield to me?

Mr. ROOSEVELT. I yield to the gentleman from New York.

Mr. RYAN of New York. I believe the gentleman from California will recall that, at the time the aggressor nation clause was written into the Foreign Aid Act of 1963, the gentleman from California and I, among others, made crystal clear that that particular clause was intended to apply to Nasser's Egypt.

The gentleman now states that the State Department says that this matter is under constant review. That is the same old answer that the State Department has been giving all this time. It is time for action, not more reviews.

Can the gentleman from California tell the House about any contemplated action of the State Department?

There has been no evidence given to this House to the effect that the State Department has paid one bit of attention to the aggressor nation clause as written into the Foreign Aid Act of 1963. What reason is there to believe that any more attention will be paid to the amendment which has been offered by the gentleman from California?

Mr. ROOSEVELT. I disagree with the gentleman from New York. I believe it represents an additional, definite prod.

I happen to know that the State Department has taken under consideration this clause which the gentleman and I and others helped write into the foreign aid bill, and I personally believe, as some judges sometimes do, that postponing the situation until a reasonable time has been given to ascertain all the facts is desirable. I believe a reasonable time still should be given.

Therefore, Mr. Chairman, I have offered the amendment.

Mr. OLIVER P. BOLTON. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN (Mr. HARRIS). The gentleman will state it.

Mr. OLIVER P. BOLTON. Mr. Chairman, would it be possible to have the language of the substitute amendment read again?

The CHAIRMAN. Yes; by unanimous consent it can be done.

Mr. OLIVER P. BOLTON. Mr. Chairman, I ask unanimous consent that the language of the substitute be reread.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The CHAIRMAN. The Clerk will report the substitute amendment.

The Clerk read as follows:

Amendment offered by Mr. ROOSEVELT as a substitute to the amendment offered by

Mr. OLIVER P. BOLTON: On page 5, immediately after line 17, insert "the President is directed that no funds under this Act shall be spent in any country unless he finds such country is not (a) an aggressor in a military sense against any country having diplomatic relations with the United States or (b) using funds of any sort from the United States for purposes inimicable to the foreign policies of the United States."

Mr. COOLEY. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. OLIVER P. BOLTON].

Mr. OLIVER P. BOLTON. Mr. Chairman, this amendment, it is true, does require a finding on the part of the President that there is no aggression before any food can be given under this program. The language of the foreign aid bill today requires in effect a finding of no aggression. As to the naming of a country, I would go back to Senator HUMPHREY in the Senate saying: "Let us do it as we did in the case of Indonesia. Let us name Egypt in the bill."

It is true this places the responsibility once again on the administration, but it does nothing to say to the United Arab Republic that the Congress of the United States and the people of the United States are fed up with the aggressions he has been in. Why? Because the State Department has refused to take the position that it is aggression. They have said that this is an internal coup, and immediately recognized the coup as a fact. The U.N. was to go in and settle the matter, and the agreement was to get out in 2 months. Now, today, with 40,000 United Arab Republic troops in the area, U Thant has announced today the U.S. is withdrawing its Commission because of a lack of cooperation and lack of results.

The CHAIRMAN. The Chair recognizes the gentleman from New Jersey [Mr. GALLAGHER].

(By unanimous consent (at the request of Mr. MATTHEWS) the time of Mr. MATTHEWS was given to Mr. GALLAGHER.)

Mr. GALLAGHER. Mr. Chairman, I believe in the last few days with the legislative history made here in the House we must conclude we are generally unhappy with the attitude of Mr. Nasser. On the other hand, the significant point is whether or not the President shall continue to make foreign policy or whether individual Members of the House can make the foreign policy of the United States.

With the legislative history that has been made in the last 2 days we can very well demonstrate that we feel Mr. Nasser should change his ways and if he does not then the President can make a determination to cut off Public Law 480 aid.

One other thing I would like to add to this debate: On June 30, 1965, all the present Public Law 480 agreements with Egypt will terminate. Negotiations will begin prior to that date

to determine whether or not such an agreement should be renewed or abandoned. Therefore I feel that the executive branch is well aware of the feeling in this House. Accordingly, if we do not take mandatory action at this time the President then can use his discretion to further the best interests of the United States at the time of renegotiation of the Public Law 480 agreement with the United Arab Republic. He will be fully aware of the fact that this body will have another look at it subsequent to June 30 next year. I therefore feel that the gentleman from California [Mr. ROOSEVELT] has contributed greatly to this bill by offering an amendment that allows the President to have discretionary power where he can make a determination that will reflect the will of this House if in his opinion the United Arab Republic is embarked on a course adverse to the best interest of the United States and the peace of the Near East. I believe also that it is abundantly clear there will be no assistance of any kind to Egypt if the security of Israel is imperiled.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. FARBSTAIN].

(By unanimous consent (at the request of Mr. CUNNINGHAM) the time allowed Mr. CUNNINGHAM was given to Mr. FARBSTAIN.)

Mr. FARBSTAIN. Mr. Chairman, I can sympathize with the gentleman from California who has offered this amendment. He is trying to walk on eggs, and that is a pretty difficult thing to do.

There is no question that no one individual is seeking to make foreign policy here. The Congress of the United States, consisting of the Senate and the House of Representatives, declared it is their feeling that no aid should be given to an aggressor or to anyone who prepares for aggression. The Congress did not want to take that discretion away from the President, so it was given to him.

But there has been no finding in the last year and a half that Nasser has been an aggressor and is preparing for aggression. There is no question, and I think history itself will show, that Nasser has been both an aggressor and preparing for aggression, and has been in violation of the law that we have enacted. Nothing has been done.

I do not want to deny the President his discretion, but he is not doing anything about it. Maybe he depends upon the State Department for advice. He probably does. But the State Department is doing nothing about it. What is the use of Congress passing laws when they are completely ignored by the State Department? We find ourselves in a situation where we are hamstrung. So I say the only way we can do it is by mandating the administration.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. PUCINSKI].

Mr. PUCINSKI. Mr. Chairman, I think this amendment can be construed as being even stronger than the amendment offered by the gentleman from Ohio. The amendment states:

The President is directed that no funds under this act shall be spent in any country

unless he finds such country is not an aggressor, in a military sense, against any country having diplomatic relations with the United States.

This language would presume, therefore, that the United Arab Republic is an aggressor against Israel, and the President must first find and prove that the United Arab Republic is not an aggressor before he can renegotiate any agreements. Under the original amendment, the presumption is that the United Arab Republic is not an aggressor until the President finds otherwise. I prefer to assume the United Arab Republic is an aggressor and leave to the President the responsibility of finding otherwise, if he can.

This would apply also in the case of other countries. Take the case of Turkey, which used our aircraft to bomb Cyprus. Under this amendment, Turkey would be barred from further use of Public Law 480 funds. I think this substitute gives the President a great deal of latitude, but it serves notice that we will not permit the use of these funds to aid aggressors. Therefore, I urge the adoption of the amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. RUMSFELD].

Mr. RUMSFELD. Mr. Chairman, I believe there is broad agreement among the Members of the House and concern about the aggressions of the United Arab Republic in the Near East.

We all know that the State Department can misdefine terms as it sees fit, and has done so in the past. The gentleman from California says he is reluctant to see a specific nation named, therefore he offers this substitute. It strikes me this substitute is really meaningless. We have tried this course before in the House of Representatives. It is obvious that the State Department and the administration are not as concerned about the aggressions of the United Arab Republic in the Near East and are not as concerned about the continued anti-American diatribes Colonel Nasser constantly puts on the air as are the Members of Congress. It strikes me that it is time for the Congress to speak on this matter by opposing the almost meaningless Roosevelt substitute, and by supporting the amendment of the distinguished gentleman from Ohio [Mr. OLIVER P. BOLTON]. Any other course is to encourage and indeed assist Nasser in his warlike ambitions.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. ROSENTHAL].

Mr. ROSENTHAL. Mr. Chairman, I am opposed to the substitute amendment because I do not want to be a party to the absurd use of words in legislation. The point was made yesterday and I want to reiterate it today, that under title I of Public Law 480 we have sold over \$1 billion of our food to Nasser. The language of the section reads:

It is hereby declared to be the policy of Congress to expand international trade among the United States and friendly nations.

By no stretch of the imagination, by no torturing of words, can the United

Arab Republic be called a friendly nation. I do not want to continue to torture this language any more.

The CHAIRMAN. The Chair recognizes the gentleman from Iowa [Mr. GROSS].

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, the Roosevelt substitute is virtually meaningless. If this Congress means what it says and says what it means, it will adopt the Bolton amendment. The Roosevelt substitute ought to be defeated.

The CHAIRMAN. The Chair recognizes the gentleman from North Carolina [Mr. COOLEY] to close debate on the pending amendment.

Mr. COOLEY. Mr. Chairman, of necessity I will be very brief.

Mr. Chairman, for the life of me it is difficult to understand why it is necessary or desirable to name a particular country. Under the Roosevelt amendment, it is applicable to all countries. If it is a good proposition for the House, it should be good all over the world. Why single out one nation? I think when we do that we are cutting across our foreign policy and we are reflecting upon our officers in the executive branch of the Government. We here are judging on slight evidence—as a matter of fact no evidence has been presented before this body that Nasser is or is not an aggressor except what we read in the papers and hear Members of the House saying. If Nasser is an aggressor, under the Roosevelt amendment the President can make the determination and, as has been pointed out here, he must make an affirmative determination that a country is not an aggressor.

Mr. Chairman, so far as I am concerned, I accept the Roosevelt substitute amendment.

The CHAIRMAN. The time of the gentleman from North Carolina has expired. All time has expired.

The question is on the substitute amendment offered by the gentleman from California [Mr. ROOSEVELT].

The question was taken; and on a division (demanded by Mr. OLIVER P. BOLTON), there were—ayes 76, noes 82.

Mr. ROOSEVELT. Mr. Chairman, I ask for tellers.

Tellers were ordered and the Chairman appointed as tellers Mr. ROOSEVELT and Mr. OLIVER P. BOLTON.

The Committee again divided, and the tellers reported that there were—ayes 117, noes 113.

So the substitute amendment was agreed to.

The CHAIRMAN. The question now occurs on the amendment offered by the gentleman from Ohio [Mr. OLIVER P. BOLTON], as amended.

The amendment as amended was agreed to.

AMENDMENT OFFERED BY MR. ROONEY OF NEW YORK

Mr. ROONEY of New York. Mr. Chairman, I offer an amendment in the nature of a substitute.

The Clerk read as follows:

Amendment offered by Mr. ROONEY of New York: Strike out all of section (1) and in-

sert in lieu thereof the following: "That the Agricultural Trade Development and Assistance Act of 1954, as amended is further amended as follows:

"(1) Effective January 1, 1965, that part of section 103(b) of such Act which precedes the colon is amended to read as follows: 'Agreements shall not be entered into under this title during the period beginning January 1, 1965, and ending December 31, 1967, which will call for appropriations to reimburse the Commodity Credit Corporation in a total amount in excess of \$4,000,000,000 plus any amount by which agreements entered into in prior years have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such prior years by this Act as in effect during such years.'

"(2) Section 104 of such Act is amended by striking out in subsection (c) the word 'military' and inserting after the words 'common defense' the words 'including internal security'.

"(3) Section 104 of such Act is amended by adding the following new subsection:

"(u) None of the foreign currencies generated under this Act shall be used to promote or to help promote, or to increase production of any farm commodity units of which shall have been exported from such country in the preceding calendar year, in competition with production in the United States.'

"(4) The first proviso at the end of section 104 of such Act is amended by striking out 'to not less than 10 percentum of the foreign currencies, which accrue under this title;' and substituting 'effective with respect to agreements entered into during the period beginning January 1, 1965 and ending December 31, 1967 to not less than 20 percentum in the aggregate of the foreign currencies which accrue under such agreements.'

"(5) Section 107 of such Act is amended by adding at the end thereof the following: 'For the purposes of Titles I and IV of this Act, the term "friendly nation" shall not include any country which permits ships or aircraft under its registry to transport to or from Cuba (excluding United States installations in Cuba) any equipment, materials, or commodities, so long as Cuba is governed by the Castro regime.'

"(6) Section 108 of such Act is amended by striking out the words 'six months' and inserting in lieu thereof the word 'year'.

"(7) Sections 109 and 204 of such Act are amended by striking out '1964' and substituting in lieu thereof '1967'.

"(8) Section 203 of such Act is amended by striking out '1961' and substituting '1965'; by striking out '1964' and substituting '1967'; by striking out '\$300,000,000', and substituting '\$450,000,000'; and by inserting after 'charges for general average contributions arising out of the ocean transport of commodities transferred pursuant hereto' the following: 'or donated under said section 416, section 308 of this Act or section 9 of the Act of September 6, 1958.'

"(9) Section 203 of the Act is amended by inserting after the third sentence of said section the following new sentence: 'In addition to other funds available for such purposes under any other Act, funds made available under this title may be used to purchase foreign currencies accruing under title I in order to meet costs (except the personnel and administrative costs of cooperating sponsors, distributing agencies, and recipient agencies, and the costs of construction or maintenance of any church owned or operated edifice or any other edifices to be used for sectarian purposes) designed to assure that commodities made available under this title or under title III are used to carry out more effectively the purposes for which such commodities are made available or to pro-

mote community and other self-help activities designed to alleviate the causes of the need for such assistance: *Provided, however*, That such funds shall be used only to supplement and not substitute for, funds normally available for such purposes from other non-United States Government sources,' and by inserting after the word 'costs' in the last sentence the words 'or for the purchase of foreign currencies'.

"(10) Section 101 of such Act is amended by striking out in subsection (f) the words 'from the government or agencies thereof' and further by striking the period at the end of subsection (f) and adding the following: ', and which are not less favorable than the highest of exchange rates obtainable by any other nation.'

"(11) The President is directed that no funds under this act shall be spent in any country unless he finds such country is not (a) an aggressor in a military sense, against any country having diplomatic relations with the United States or (b) using funds, of any sort, from the United States for purposes inimical to the foreign policies of the United States."

Mr. FINDLEY. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. FINDLEY. Mr. Chairman, I have not had a chance to see a copy of this amendment. I should like to ask the Chair if the language of the amendment retains the provision adopted by the House which required Appropriations sanction before any local currencies under title I can be granted to a recipient country.

Mr. ROONEY of New York. The answer is "No."

The CHAIRMAN. The Chair feels that the author of the amendment should explain the amendment and the Chair recognizes the gentleman from New York [Mr. ROONEY] on his amendment.

Mr. ROONEY of New York. Mr. Chairman, I shall be glad to answer the distinguished gentleman from Illinois. This pending substitute for section 1 substantially contains the bill as it has been approved up to this point, including the amendments of the gentleman from Ohio [Mr. OLIVER P. BOLTON], and the gentleman from California [Mr. ROOSEVELT], with one exception, and that is exclusion of the so-called Findley amendment adopted yesterday.

I must be frank and say that I supported the Findley amendment on yesterday. Today I find that I cannot support it for the reason that in South Vietnam 90 percent of the local currency funds generated under title I sales, Public Law 480, is used to support the military effort there. In view of this situation in Vietnam, Mr. Chairman, if we adopt the pending substitute for section 1 of the bill we will not only approve all the amendments adopted up to now, except the so-called Findley amendment, but also strike out at page 2 of the bill the controversial matter in lines 13 to 25 inclusive and at page 3 of the bill lines 1 to 14 inclusive.

I think this is the best way to presently handle the situation. I am confident that the executive branch will not use any of these foreign currencies for such things as the nubian movement deal or

real estate transactions abroad. I am now pleased to yield to the distinguished chairman of the great Committee on Agriculture, the gentleman from North Carolina [Mr. COOLEY].

Mr. COOLEY. Mr. Chairman, I want to call attention to the fact that I think the Reading Clerk read the original Bolton amendment rather than the Bolton amendment as amended by the Roosevelt amendment.

As I understand my friend the gentleman from New York [Mr. ROONEY], the intent is to have us include the Bolton amendment, as amended?

Mr. ROONEY of New York. That is correct. The substitute amendment to section 1 which is pending includes both the Roosevelt amendment and the Bolton amendment as amended.

Mr. COOLEY. Did the Clerk read it correctly, do you think?

Mr. MATTHEWS. No, he did not.

Mr. ROONEY of New York. I am not sure. I was trying to answer some pressing questions here at the committee table, I will say to my distinguished friend.

Mr. COOLEY. Mr. Chairman, if the gentleman will yield further to me, could I ask unanimous consent to have it read again, just that portion of it which is pertinent to my inquiry?

Mr. ROONEY of New York. Page 4 as well as the yellow slip attached.

The CHAIRMAN. The Clerk will read the portions referred to.

The Clerk read as follows:

11. The President is directed that no funds under this Act shall be spent in any country unless he finds such country is not (a) an aggressor in a military sense against any country having diplomatic relations with the United States, or (b) using funds of any sort from the United States for purposes inimical to the foreign policies of the United States.

Mr. FINDLEY. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. Does the gentleman from New York [Mr. ROONEY] yield for a parliamentary inquiry?

Mr. ROONEY of New York. I do, Mr. Chairman.

The CHAIRMAN. The gentleman will state it.

Mr. FINDLEY. Mr. Chairman, is the language just read the same language as originally read by the Clerk as the amendment offered by the gentleman from New York? Is it a part of the original language?

Mr. COOLEY. I understand that there was an error in the reading because the Clerk read the original language of the Bolton amendment rather than the Bolton amendment, as amended.

The CHAIRMAN. The gentleman from North Carolina is correct.

Mr. COOLEY. Mr. Chairman, I ask unanimous consent that the Clerk read the amendment as corrected.

The CHAIRMAN. The correction has already been made, without rereading the amendment.

Mr. COOLEY. Mr. Chairman, will the gentleman from New York yield further?

Mr. ROONEY of New York. I gladly yield further to the distinguished gentleman from North Carolina.

Mr. COOLEY. I would like to con-

gratulate my friend from New York, the distinguished Congressman, who has just spoken. I feel that he has rendered a real service by approaching this very important matter with a high degree of intelligence, and I hope that his amendment, the amendment in the nature of a substitute, will be adopted.

Mr. Chairman, I feel that it would be very unfortunate for us to carry on this controversy any longer. While I have no authority from the committee to accept the amendment, I personally accept it and express the hope that it will be adopted.

Mr. ROONEY of New York. I thank the distinguished gentleman.

Mr. MAHON. Mr. Chairman, will the gentleman from New York yield to me?

Mr. ROONEY of New York. I yield to the distinguished gentleman from Texas, chairman of the House Committee on Appropriations.

Mr. MAHON. Mr. Chairman, I know there has been some controversy in regard to various aspects of this legislation.

I am not authorized to speak for the Committee on Appropriations as such. However, I do want to say that for myself personally I believe the gentleman from New York [Mr. ROONEY] has performed a genuine service in working out this amendment.

Mr. Chairman, I wholeheartedly support the amendment. It will enable us to carry on the Public Law 480 program in an orderly way. We, more or less, will carry on the program as we have been under existing law.

Mr. Chairman, I earnestly hope that the amendment of the gentleman from New York will be adopted.

Mr. FINDLEY. Mr. Chairman, I rise in opposition to the amendment.

(Mr. FINDLEY asked and was given permission to revise and extend his remarks.)

Mr. FINDLEY. Mr. Chairman, the gentleman from New York [Mr. ROONEY] suggests that the amendment as adopted yesterday, referred to as to the Findley-Ellender amendment, would jeopardize our program of military assistance in South Vietnam.

Apparently the gentleman has some facts not available to me. But, certainly, the effect of the amendment which has been passed by the other body and which was adopted yesterday by the House would not be retroactive. It would not affect any local currencies presently or U.S.-owned or currencies acquired through agreements already made.

I have seen no indication whatsoever that our program aiding South Vietnam is about to run out of money.

Further, I would call attention to the fact that there is a supplemental appropriation bill still kicking around Capitol Hill, there is certainty that early in January we will have for consideration a supplemental appropriation bill in order to provide a further restoration of funds to the Commodity Credit Corporation, to which a grant of authority could be attached to provide local currencies for military assistance in South Vietnam.

Furthermore, the Congress is still in session and if there is an indicated short-

age, the Committee on Appropriations could go into session at once and provide the necessary grant of authority to provide foreign currencies for these purposes in South Vietnam.

The bill also carries another provision which I support, expanding the use of foreign currencies to include internal security operations in countries like Vietnam. We therefore want to do everything possible to make these currencies work to fight communism.

So I cannot understand that this amendment would hamper in any way our effort in South Vietnam.

Mr. ROONEY of New York. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. I yield to the gentleman from New York.

Mr. ROONEY of New York. Not only are some of these currencies used for mutual defense purposes in South Vietnam, but they are also used extensively to support the defense budgets of Taiwan, Korea and other countries.

Mr. FINDLEY. The same would apply to those countries.

Mr. ROONEY of New York. In South Vietnam, 90 percent of the local currency generated under Public Law 480, title I sales, is granted to support the South Vietnam war effort. These funds provide nearly 20 percent of U.S. support of the South Vietnam military budget. I would like to see all of these currencies within the control of the appropriations procedure, but the situation in Vietnam as of today is too serious to jeopardize even hours of delay or uncertainty so far as this program is concerned.

Mr. FINDLEY. Surely, the gentleman is not suggesting that the Appropriations Committee would fail to continue to provide military assistance needed in South Vietnam, or elsewhere? He is not suggesting that the Appropriations Committee would put this program in jeopardy, is he?

Mr. ROONEY of New York. I am a trusting soul and I hopefully expect to get out of Washington here in a week or 10 days. I do not want to be responsible for what might happen in South Vietnam between that time and the 89th Congress, when it convenes in January 1965.

Mr. FINDLEY. As I suggested earlier, there is no indication whatever that the funds available to South Vietnam for military assistance are running out. There has been no indication of that. There is no urgency about this further grant for military assistance purposes.

I am curious as to why overnight the gentleman from New York would change his position entirely. I can cite his language on page 20770 of the RECORD of September 2, and also his other comments in support of my amendment providing congressional appropriation sanction over these local currencies. If the gentleman can explain why he has changed overnight I would like him to do so.

Mr. ROONEY of New York. I am a realist. Does the gentleman from Illinois realize that under the action now

proposed by the pending amendment the entire language from line 13 on page 2 to line 14 on page 3 is stricken from the bill? This is the proposed carte blanche authority on the subject of expenditure of Public Law 480 foreign currencies. My action, if approved, would bring the matter back to the status quo, just as it was before and is now.

Mr. FINDLEY. The gentleman is in error, because the Commission that would be stricken by your amendment would be purely advisory. It would be empowered only to suggest ways the President utilize the "excess" U.S.-owned local currency.

Mr. ROONEY of New York. Does the gentleman want the advisory committee set up in the bill?

Mr. FINDLEY. I see no objection to leaving an Advisory Commission in the bill. This amendment of mine would simply give the Congress the annual right of scrutiny to try to keep this program on the proper track.

Mr. OLIVER P. BOLTON. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I take this time to call the attention of the House to the action that has just been taken, and I would like to ask the author of the amendment, the gentleman from California [Mr. ROOSEVELT] to discuss it with me. As I understand the language of his amendment, which I did not have a chance to read before it was agreed to by the committee, in the second section it says the President must make an affirmative finding that the foreign policy of the country to which aid is going is not inimical to the foreign policy of the United States.

Again we are on semantics, but as I understand the meaning of the word "inimical," it means "unfriendly." I would call to the attention of the House, as I understand the word "unfriendly," or "inimical," this would include among the exclusions of the act the country of Poland, the country of Yugoslavia, and other countries which have up until now been those which the State Department and the policy of this administration and previous administrations have indicated that they wished to keep in close contact with in an effort to penetrate and try to work out a peaceful solution for the world.

In that amendment as we adopted it, the word "inimical" is the key word, and I would for the record like to ask the gentleman from California to make sure that the meaning of the words are clear so that the State Department may have a firm understanding upon which to base their action.

I yield to the gentleman from California.

Mr. ROOSEVELT. I thank the gentleman. At the risk of assuming some of the responsibility of Mr. Webster, may I say as used by me in the matter which has just been passed by the House, the word "inimical" merely means that it shall be found by the President that any country having a policy which is overwhelmingly dangerous or opposed to the foreign policies of the United States shall not receive these funds. I leave it to the

discretion of the President to make that decision. It does not, therefore, exclude Poland unless the President so found. It does not include the other countries the gentleman has named unless the President so found.

Mr. OLIVER P. BOLTON. If the gentleman will wait another minute, the first section of the amendment, as I understand it, means that unless there is military aggression against a country which we recognize, the President can give the aid. Is that correct?

Mr. ROOSEVELT. That is correct.

Mr. OLIVER P. BOLTON. Therefore, the gentleman's amendment would have absolutely no application at all to a situation as now exists in the Middle East.

Mr. ROOSEVELT. It certainly would, because if by any chance, as many people feel, Nasser were to take directly or indirectly military action against Israel, he would immediately forfeit aid under Public Law 480.

Mr. OLIVER P. BOLTON. Let us face it. They took military action against a nation which we recognized until Egypt took it over.

Mr. ROOSEVELT. The gentleman is talking about Yemen?

Mr. OLIVER P. BOLTON. I am talking about Yemen. They have been there some time. There certainly has been military action. This amendment would place no additional responsibility on the administration.

Mr. ROOSEVELT. Yes, I think it would. It would require the President to make an affirmative finding.

Mr. OLIVER P. BOLTON. He does now in a negative sense.

Mr. ROOSEVELT. Now we have it in a positive sense. There is quite a difference.

Mr. OLIVER P. BOLTON. I appreciate the gentleman's position, but in view of the statement which has been made by the State Department to the effect that they do not recognize that there has been aggression in Yemen, I think the meaning of the gentleman's amendment becomes clear—and ineffectual in the light of past performance.

AMENDMENT OFFERED BY MR. DERWINSKI

Mr. DERWINSKI. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. DERWINSKI to the amendment offered by Mr. ROONEY of New York: Page 2, strike out lines 14 and 15 and insert in lieu thereof the following new subsection:

"(u) For farm improvement loans on reasonable terms and conditions to individuals who own and operate farms in countries having a Communist government where surplus agricultural commodities are sold under this Act; except that foreign currencies shall be available for the purposes of this subsection (in addition to funds otherwise made available for such purposes) only in such amounts as may be specified from time to time in appropriation Acts."

Mr. COOLEY. Mr. Chairman, I reserve a point of order against the amendment.

Mr. DERWINSKI. Mr. Chairman, as I understand the parliamentary situation, if the Rooney substitute is accepted it would not be open to any further amendment; the intent is to drive it down our

throats. Therefore, I am offering my amendment at this point. The amendment was originally prepared to the bill as introduced by the committee.

Mr. ROONEY of New York. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. I yield.

Mr. ROONEY of New York. Of course, I am sure the gentleman understands that the substitute I have offered would cover the bill down to line 17 on page 5, that it does not affect section 2 or section 3 of the bill.

Mr. DERWINSKI. The amendment as originally prepared was to section 1, page 2, line 14. May I point out that this amendment is not involved in any way in the recent debate over the Findley or Bolton amendments. It is just as a technical necessity that I offer it at this point. I fully recognize that the amendment is difficult to explain under the present mood of the House. However I emphasize that I did spend a full session before the subcommittee of the House Committee on Agriculture. I received attention and sympathy but was disappointed to find the amendment did not emerge into the bill. I discussed this matter informally with many members of the Agriculture Committee, who had evidenced interest, but they say that to open up this program to many amendments is in effect to open up Pandora's box; therefore, the possible value of the amendment was never seriously considered by the members responsible for writing the bill.

Recognizing all of this, I still feel that point should be made and it is basically this: that in two Communist countries, Poland and Yugoslavia, we have approximately a billion dollars accumulated and the Red governments for practical purposes maintain a veto power over their use. My amendment would provide for the financing of free-enterprise farms in the face of collective farming systems. Therefore, we would be striking a blow against communism right in their own backyards with these funds that are not otherwise being used.

Mr. POAGE. The effect of it would be basically to establish the Farmers Home Administration in these two countries; is it not?

Mr. DERWINSKI. No; I would say that there might be a similarity but that is not the expected result. The intent is to defeat communism by strengthening the peasants in those countries who are the hard core of opposition to their dictatorial governments. I point out, however, and emphasized this when I appeared before the gentleman's subcommittee, I assume Communist governments would not permit this operation to go into practice. Therefore, we would be in the position of pointing out to the world that they will not permit effective help to be given to the oppressed peoples of their own countries. This is truly a cold war psychological amendment more than an agricultural amendment.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman.

Mr. COOLEY. Is not the purpose of the amendment obviously indirectly to amend the Battle Act. These funds that we have impounded in Poland are being withheld for that very reason because the Battle Act does not permit us to use the funds. Now you come along and propose an agricultural bill under Public Law 480 to give authority to somebody to use this money to build houses in Poland and just as the gentleman from Texas [Mr. POAGE] said, it would be establishing the Farmers Home Administration in Poland. If we do it in Poland, why not do it in Yugoslavia and Albania and why not do it in many other countries?

Mr. DERWINSKI. Can the gentleman say that in the deliberations of the committee that this matter was at all subject to detailed scrutiny?

Mr. COOLEY. I do not think what you are talking about was proposed, but I will say to the gentleman, I would not object to considering the matter in committee, but I think it is entirely inappropriate to be offering it as an amendment in this bill because if you take off on Poland then somebody will want to take off on Yugoslavia and other countries.

Mr. DERWINSKI. Poland and Yugoslavia are the only two Communist countries where these accumulated funds and soft currencies have been established.

Mr. COOLEY. Where these funds are impounded there are certain limitations and restrictions in the bill. They were used once in Skoplje to help to rehabilitate that city after it was destroyed.

Mr. DERWINSKI. But in Skoplje the Government of Yugoslavia prohibited the use of our excess currencies for emergency treatment to earthquake victims.

Mr. COOLEY. We permitted it.

Mr. DERWINSKI. No; they prohibited it.

Mr. COOLEY. This fund in Poland amounts to \$1 billion or something like that. I just do not think we should sit here in the House today and use a half billion dollars to build houses in Poland, and for that reason I hope the amendment is defeated.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman.

Mr. GROSS. I would point out to the gentleman from North Carolina that there is a provision in the foreign giveaway bill which provides for much the same thing. They can lend money to communities in India and anywhere else all over the world that they want to for agricultural communities.

The point I really rose to make was, if we are going to give these counterpart funds to the farmers of these countries, what is going to be left for the junketing Members of the Congress to use when they go to those countries?

Mr. DERWINSKI. Well, the gentleman is a member of the Committee on Foreign Affairs and he does not junket himself so his fears are groundless.

Mr. GROSS. That is why I ask the question. I wonder if some of the junketeers would help to give us an answer.

Mr. ROONEY of New York. Mr. Chairman, will the distinguished gentleman yield?

Mr. DERWINSKI. I yield to the gentleman.

Mr. ROONEY of New York. If the distinguished gentleman from Iowa [Mr. GROSS], who is a distinguished member of the House Committee on Foreign Affairs, were to do a bit more traveling, he would be even more informed than the distinguished gentleman from New York [Mr. MILLER] who has never been any farther than Chinatown, but claims to be a great expert on Vietnam and southeast Asia.

Mr. DERWINSKI. The gentleman's comment is completely beside the point. I wish to repeat the issue before us. Under my proposed amendment loans would be offered to individual farmers, in order to encourage free enterprise and strengthen their resistance to Communist pressure to collectivize. This proposal would be an effective negotiating tool for our State Department in the psychological struggle against communism and demonstrate our interest in the individual citizen suffering under Communist oppression.

The CHAIRMAN. Does the gentleman from North Carolina withdraw his point of order?

Mr. COOLEY. Mr. Chairman, I withdraw the point of order.

Mr. POAGE. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, it seems to me we are now discussing a matter of such importance, the Rooney amendment, that we should not inject other matters into this to try to confuse—and I do not mean that the gentleman did it for the purpose of confusing the House but the effect of it is to confuse the consideration of this matter which is of overriding importance.

I am convinced there is no question that the amendment as it now stands—the Findley amendment—would apply to our war effort in Vietnam right now. The gentleman from Illinois did not believe so, but if Members will read the language of the basic law they will find in the existing law that it refers to "all foreign currencies used for grants under subsections"—and the amendment would change that to "this section"—"and all foreign currencies derived from the payments of interest or repayments of principal of loans made under this section."

That is the Findley amendment as put into the basic law. That would not provide something which would affect us only in the future as its author assumed. It would make subject to the provisions of the Supplemental Appropriation Act of 1953 all of the foreign currencies used for grants under this section and all foreign currencies derived from the payments of interest or repayments of principal on loans made under this section. They would all immediately become subject to the process which the gentleman suggested would not be effective until some time next year.

This would not simply apply to new agreements. It would apply to all grants.

Those grants are current. We could not pay out anything. We could not use these funds for our military effort until we appropriate dollars with which to buy these currencies.

I believe the gentleman from New York is eminently correct in pointing out that this, as it stands, would seriously jeopardize our war effort in Vietnam. I believe we must recognize that this is of considerably greater importance than establishing a Farmers Home Administration in Poland or in Yugoslavia, however desirable that might be. For myself, I cannot believe it is desirable to put a premium on being communistic. Under the terms of the gentleman from Illinois' [Mr. DERWINSKI] amendment certain Communist countries would get a premium bonus which no non-Communist country could enjoy. It seems to me that would be a great mistake.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield to the gentleman from Illinois.

Mr. FINDLEY. I draw the gentleman's attention again to page 28 of the Senate language, the language explaining the Senate version of this extension legislation. The language sets forth very clearly the purpose and intent of the identical amendment that I offered, and it conveys no such notion as the gentleman has just set forth.

Mr. POAGE. But it is not the Senate report which is going to be the law. It is the wording of the act by which we will be bound. I am reading from the existing law. This is Public Law 480, of the 83d Congress. This is the law from which I am reading, and it is the existing law. It reads:

Provided, however, That section 1415 of the Supplemental Appropriation Act of 1953 shall apply to all foreign currencies used for grants under subsections (d) and (e) and for the payment of United States obligations.

The gentleman would strike that out and would insert in lieu thereof the words:

* * * all grants made under this section and all foreign currencies derived from payments of interests or repayments of principal on loans made under this section.

It seems to me very clear that that includes all of the moneys. That is the law; that is not what the Senate says it is.

Mr. FINDLEY. That is the gentleman's interpretation of the language; it is not necessarily the law. My amendment was prospective in character and would apply only to currencies acquired under agreements consummated in the future.

Mr. POAGE. It is not my interpretation. These are your words, when you say "this section and all foreign currencies derived."

Those are your words, not my interpretation. I believe your words clearly show that this would do exactly what the gentleman from New York says it would do, and it would jeopardize the war effort in Vietnam and it would cut off military aid in Vietnam right now, the minute the bill is passed. I believe

it is a serious matter which we should consider seriously.

Mrs. FRANCES P. BOLTON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I wanted to ask the committee whether they are dealing entirely with Vietnam and the Far East or whether they have in mind the very grave dangers in the whole Near East situation. I have had information from a number of sources advising me that the Department expects to renew and to have a new arrangement with Egypt for a further 3 years for the receipt of this food. Surely this is an exceedingly dangerous matter. We have been told this is an explosive area. Those of us who have had anything to do with the Subcommittee on the Near East of the Committee on Foreign Affairs know that it is. I would like to ask the chairman or anyone from the committee whether they are so advised and are going ahead with this new arrangement quite regardless.

Mr. POAGE. Mr. Chairman, will the gentleman yield?

Mrs. FRANCES P. BOLTON. I yield to the gentleman from Texas.

Mr. POAGE. It seems quite clear that is exactly what I have been trying to express. Our fear is not simply what is going to happen in Vietnam but what is going to happen everywhere. I believe that in the Findley amendment as it stands we have tied our hands not simply in Vietnam but in Korea and everywhere else.

Mrs. FRANCES P. BOLTON. Mr. Chairman, I would like to interrupt the gentleman if I may.

It is not that of which I am speaking. I am speaking of the fact that it is apparently a fact that the Department is about to arrange another period of 3 years of giving food to Egypt. I think the feeling was very well expressed yesterday and it has been told to us that Egypt is dangerous to the whole Near East situation. Why in the world we should continue this at this point rather than stopping it off, as we should have, I do not know.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mrs. FRANCES P. BOLTON. I will be very happy to yield to the gentleman.

Mr. GALLAGHER. The present arrangements that are in effect with Egypt will terminate on June 30, 1965.

Mrs. FRANCES P. BOLTON. I am talking about the new arrangements.

Mr. GALLAGHER. They have not yet been concluded, and I assume at present they are in a state of negotiation.

Mrs. FRANCES P. BOLTON. Yes. Very close to conclusion.

Mr. GALLAGHER. As of now they are not and will not be concluded prior to the termination date.

Mrs. FRANCES P. BOLTON. But if we decide to let them go ahead with it, they can go ahead with it without our saying they cannot do so.

Mr. GALLAGHER. If the gentleman will yield further, there are no negotiations presently going on to negotiate the present contract with the Arab Republic.

Mrs. FRANCES P. BOLTON. Does the gentleman have that from the Secretary of State?

Mr. GALLAGHER. Yes, madam, I have.

Mr. DERWINSKI. Mr. Chairman, will the gentleman yield?

Mrs. FRANCES P. BOLTON. I yield to the gentleman from Illinois.

Mr. DERWINSKI. The gentleman is also pointing out that the language of the Roosevelt amendment will be inadequate to stop the very thing she fears.

Mrs. FRANCES P. BOLTON. I certainly am.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mrs. FRANCES P. BOLTON. I yield to the gentleman.

Mr. COOLEY. It seems to me the matter under discussion could be very appropriately considered in your own committee. I do not like the idea of bringing foreign affairs onto the floor when we are considering an agricultural measure. It may be a very meritorious cause, but I think it is calculated to cause irreparable injury and damage to our foreign policy around the world.

Mrs. FRANCES P. BOLTON. That might be on the other side of the world, but I think we should do something in this House today or during our deliberations on this bill to prevent a further arrangement with Egypt. If they are not doing it yet, actually, they will be doing it within the month.

Mr. COOLEY. We are now considering the Rooney amendment and with the Roosevelt amendment it seems to me we are doing just what the lovely lady suggested we should do.

Mrs. FRANCES P. BOLTON. I regret having to emphasize that it does not do it adequately. I am sorry. It does not. I am very happy to have the opportunity of drawing it to the membership of this House that peace in the Near East is in serious jeopardy.

The CHAIRMAN. The time of the gentleman has expired.

The question is on the amendment offered by the gentleman from Illinois [Mr. DERWINSKI], to the amendment offered by the gentleman from New York [Mr. ROONEY].

The amendment to the amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. ROONEY].

The amendment was agreed to.

Mr. LIBONATI. Mr. Chairman, the major provisions of H.R. 12298 are in conformity with the prevailing attitude that to serve the national interest the enlargement of the outlets for U.S. farm products not only exert an essential stabilizing influence on the American agricultural economy, but also create distribution, a forceful influence among the 100 million people in more than 100 nations against the spread of communism. These food-allotments-for-peace are distributed among the less-developed nations of the free world whose lack of funds fail to meet urgent food requirements amongst their peoples. This action on our part has promoted their

economic growth and saved the lives of millions of unfortunate people.

Under H.R. 12298 the act is extended for 3 years—until December 31, 1967. It governs the sale of farm commodities with foreign currencies—at the same average heretofore established—about 1.7 billion a year. It removes the 25-percent limitation on foreign currencies for loans to private business for the development of free enterprise under the Cooley loan program (1957). This is a stimulant to hasten the promotion and expansion of the free enterprise system to build the economy of developing nations.

Increases from 10 to 20 percent the proportion of foreign currencies to be absolutely devoted to United States uses.

Authorizes the use of excess foreign currencies—accumulated in six countries—for special programs by the appointment of a top level committee to act only after advice of the President.

Establishes grants of foreign currencies for economic development subject to aforesaid committee approval.

Authorizes the use of surplus food commodities by the President during periods of disaster, relief, and community development projects overseas—not to exceed \$450 million annually.

Authorizes the use of foreign currencies—to a limited extent—to supplement the use of surplus foods in community improvement and self-help work projects—church owned or operated facilities used for secular purposes are excluded for construction or maintenance programs.

The most favorable foreign legal exchange rate must be the measuring stick for sales of surplus commodities—and not less in comparison with rates for any other nation.

Authorizes sales of foreign currencies to tourists and other private persons to curb American dollar outgo.

Handling of food commodities donations must be, as far as practical, directed through community action and other self-help activities designated to alleviate the causes of the need for such assistance.

This program, a godsend to the needy peoples of the world, has functioned well, even considering the selfish weaknesses of human kind, both in administrative and distributive functions of its operation. Chairman COOLEY, through the years, has conducted a masterful job in working out the intricacies of the vast operations necessary to carry out the purposes of the act. The great challenges have been met as each problem was presented to the illustrious members of his committee. Criticism after criticism leveled at the program disclosed the pitfalls of trusting honest operation to weak leadership—but all in all much of the practices were eliminated and real leadership rectified the wrongs. When temptation becomes the master of the human mind, dishonesty is certain to prevail in the dealings of trusted men in high places. Yet all in all the program served America well and contributed a terrific impact upon the thinking of free-men seeking against adversity to maintain a free world. Public Law 480—the

Food for Peace Act—is the one instrumentality at the legislative level that reflects the true American attitude toward the hungry people of the free world—the unselfish sharing of our abundance with freemen faced with misfortune and hunger. Chairman COOLEY and his admirable committee have established a symbol in this legislation that all men throughout the world can understand and give their wholehearted blessing to God for the perfection of the American way of life.

Mr. GILBERT. Mr. Chairman, I support the amendment offered by the gentleman from Ohio which would make Nasser's United Arab Republic ineligible for surplus agricultural commodities under title I.

We have had sufficient clearcut evidence given us to show that the \$1.1 billion in Public Law 480 shipments to Egypt have not achieved the true aims of our food-for-peace program; instead, our generosity to the United Arab Republic has helped Nasser further his aggressive, warlike policies in the Middle East. He has repeated his threats to destroy Israel, our democratic ally in the Middle East. Because of our help in feeding his people, Nasser has been enabled to channel his country's resources toward a modern offensive arms buildup. His acts and intentions are those of an aggressor and not those of a leader who seeks peace with his neighbors.

We have been generous to the people of Egypt for many years; we have had their well-being in mind; it is most difficult to deny hungry people food. However, the time has come when we must face the fact that if the leader of the hungry people uses their sad plight to further his aims to conquer and subjugate smaller, weaker nations which seek peace, then we must stop our aid to him.

When, last year, Congress adopted the "aggressor nation clause" in the foreign aid bill, the intent was that aid be denied to Egypt as long as her aggressive policy continued. So far, the clause has not been implemented. Recent events prove not only that Nasser has not changed his policies but is becoming more belligerent in his attitude and actions, and the situation in the Mideast is rapidly deteriorating, not improving.

Adoption of this amendment will not immediately halt aid to Egypt under Public Law 480. Before the end of 1965, when the aid would stop, Nasser will have the opportunity to convince the administration and Congress that he and his nation deserve reconsideration. The time has come to place upon him the burden of proving to our satisfaction that he is eligible for, and worthy of such aid.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker having resumed the chair, the gentleman from Arkansas [Mr. HARRIS], Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 12298) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes pursuant

to House Resolution 865, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule the previous question is ordered.

The question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. FINDLEY. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. FINDLEY. Mr. Speaker, I am, in its present form.

The SPEAKER. The gentleman qualifies. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. FINDLEY moves to recommit the bill, H.R. 12298, to the Committee on Agriculture with instructions to report the same back to the House forthwith with the following amendment: At the end of section 1, insert the following:

"(12) Section 107 of such Act is amended by striking the phrase '(2) any nation or area dominated or controlled by the foreign government or foreign organization controlling the world Communist movement,' and insert in lieu thereof the phrase '(2) any nation or area dominated or controlled by a Communist government or by the world Communist movement.'"

The SPEAKER. Without objection the previous question is ordered.

There was no objection.

The SPEAKER. The question is on the motion to recommit.

Mr. FINDLEY. On that, Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 183, nays 175, answered "present" 1, not voting 71, as follows:

[Roll No. 252]

YEAS—183

Abbt	Chenoweth	Haley
Abele	Clancy	Hall
Abernethy	Clausen,	Halleck
Adair	Don H.	Harrison
Arends	Clawson, Del.	Harsha
Ashbrook	Cleveland	Henderson
Ashmore	Collier	Hoeven
Auchincloss	Conte	Horan
Ayres	Corbett	Horton
Baker	Cunningham	Hosmer
Baldwin	Curtin	Huddleston
Battin	Curtis	Hull
Beermann	Dague	Hutchinson
Belcher	Derounian	Ichord
Bennett, Fla.	Derwinski	Jarman
Berry	Devine	Jennings
Betts	Dole	Jensen
Bolton,	Dorn	Johansen
Francis P.	Dowdy	Johnson, Pa.
Bolton,	Dwyer	Jonas
Oliver P.	Feighan	Keith
Bow	Findley	King, N.Y.
Bray	Fisher	Knox
Brock	Ford	Kunkel
Bromwell	Foreman	Kyl
Broomfield	Fountain	Laird
Brotzman	Fulton, Pa.	Langen
Brown, Ohio	Fuqua	Latta
Broyhill, N.C.	Gibbons	Lennon
Broyhill, Va.	Glenn	Lipscomb
Bruce	Goodell	Lloyd
Burton, Utah	Goodling	McDade
Byrnes, Wis.	Griffin	McLoskey
Cahill	Gross	MacGregor
Casey	Grover	Mailliard
Cederberg	Gubser	Marsh
Chamberlain	Gurney	Martin, Nebr.

May	Rogers, Tex.	Talcott
Michel	Roudebush	Taylor
Milliken	Rumsfeld	Teague, Calif.
Minshall	St. George	Thomson, Wls.
Moore	Saylor	Tollefson
Morton	Schadeberg	Tuck
Mosher	Schenck	Utt
Nelsen	Schneebell	Van Pelt
Norblad	Schweiker	Waggonner
O'Konski	Schwengel	Watson
Ostertag	Scott	Weaver
Passman	Secrest	Weltner
Pelly	Selden	Westland
Pirnie	Short	Whalley
Poff	Sibal	Wharton
Quie	Slkes	Whitener
Quillen	Siler	Whitten
Reid, Ill.	Smlth, Calif.	Wildnall
Relfel	Snyder	Williams
Rhodes, Ariz.	Springer	Wilson, Bob
Rich	Stafford	Willson, Ind.
Riehlman	Staggers	Winstead
Roberts, Ala.	Stinson	Wydlar
Robison	Sullivan	Wyman
Rogers, Fla.	Taft	Younger

NAYS—175

Addabbo	Grabowski	Pepper
Albert	Gray	Perkins
Andrews,	Green, Pa.	Phillbin
N. Dak.	Hagan, Ga.	Pickle
Ashley	Hagen, Calif.	Pike
Asplnall	Halpern	Poage
Barrett	Harding	Pool
Barry	Hardy	Powell
Bass	Harris	Price
Beckworth	Hawkins	Pucinski
Blatnik	Hechler	Randall
Boggs	Hollfield	Reid, N.Y.
Bonner	Holland	Rhodes, Pa.
Brademas	Joelson	Rivers, Alaska
Brooks	Johnson, Calif.	Rivers, S.C.
Brown, Calif.	Johnson, Wis.	Roberts, Tex.
Burke	Jones, Ala.	Rodino
Burleson	Jones, Mo.	Rogers, Colo.
Burton, Calif.	Karsten	Rooney, N.Y.
Byrne, Pa.	Karth	Rooney, Pa.
Cameron	Kastenmeier	Roosevelt
Carey	Kelly	Rosenthal
Chelf	King, Calif.	Rostenkowski
Clark	Kirwan	Roush
Cohelan	Lankford	Roybal
Cooley	Leggett	Ryan, N.Y.
Corman	Libonati	St Germain
Daddario	Lindsay	St. Onge
Daniels	Long, La.	Senner
Davis, Ga.	Long, Md.	Shriver
Davis, Tenn.	McDowell	Sickles
Delaney	McFall	Sisk
Dent	McMillan	Skubltz
Denton	Macdonald	Slack
Donohue	Madden	Smlth, Iowa
Downing	Mahon	Smlth, Va.
Dulski	Mathlas	Staebler
Duncan	Matthews	Steed
Edmondson	Miller, Calif.	Stubblefield
Edwards	Mills	Teague, Tex.
Elliott	Minish	Thomas
Ellsworth	Morgan	Thompson, La.
Everett	Morrison	Thompson, N.J.
Fallon	Morse	Thompson, Tex.
Farbstein	Moss	Trimble
Fascell	Murphy, Ill.	Tuten
Fino	Murphy, N.Y.	Udall
Flood	Murray	Ullman
Fogarty	Natcher	Van Deerlin
Fraser	Nix	Vanin
Frelinghuysen	O'Brien, N.Y.	Vinson
Friedel	O'Hara, Ill.	Watts
Gallagher	O'Hara, Mich.	Wickersham
Garmatz	Olsen, Mont.	Willis
Gary	Olson, Minn.	Willson,
Gathings	O'Neill	Charles H.
Gialmo	Osmer	Wright
Gilbert	Patman	Young
Gonzalez	Patten	Zablocki

ANSWERED "PRESENT"—1

Keogh

NOT VOTING—71

Alger	Cramer	Hansen
Anderson	Dawson	Harvey, Ind.
Andrews, Ala.	Diggs	Harvey, Mich.
Avery	Dingell	Hays
Baring	Evins	Healey
Bates	Finnegan	Hébert
Becker	Flynt	Herlong
Bell	Forrester	Hoffman
Boland	Fulton, Tenn.	Kee
Bolling	Gill	Kilburn
Buckley	Grant	Kilgore
Burkhalter	Green, Oreg.	Kluczynski
Celler	Griffiths	Kornegay
Colmer	Hanna	Landrum

Lesinski	Montoya	Ryan, Mich.
McClory	Moorhead	Sheppard
McCulloch	Morris	Shipley
McIntire	Multer	Stephens
Martin, Calif.	Nedzi	Stratton
Martin, Mass.	Pilcher	Toll
Matsunaga	Pillion	Tupper
Meador	Purcell	Wallhauser
Miller, N.Y.	Rains	White
Monagan	Reuss	

So the motion to recommit was agreed to.

The Clerk announced the following pairs:

On this vote: —

Mr. Becker for, with Mr. Keogh against.
Mr. Martin of California for, with Mr. Toll against.

Mr. Kilburn for, with Mr. Reuss against.
Mr. Hébert for, with Mr. Hays against.
Mr. Kornegay for, with Mr. Celler against.
Mr. Alger for, with Mr. Boland against.
Mr. McClory for, with Mr. Multer against.
Mr. Pillion for, with Mr. White against.
Mr. Hoffman for, with Mr. Shipley against.
Mr. Bates for, with Mr. Matsunaga against.
Mr. Cramer for, with Mr. Gill against.
Mr. McCulloch for, with Mr. Kluczynski against.

Mr. Meador for, with Mr. Fulton of Tennessee against.

Mr. Anderson for, with Mr. Monagan against.

Mr. Colmer for, with Mr. Stratton against.
Mr. Grant for, with Mr. Hanna against.
Mr. Andrews of Alabama for, with Mrs. Hansen against.

Mrs. Griffiths for, with Mr. Herlong against.

Until further notice:

Mr. Tupper with Mr. Dingell.
Mr. Martin of Massachusetts with Mr. Lesinski.

Mr. Harvey of Michigan with Mr. Nedzi.
Mr. Avery with Mr. Ryan of Michigan.
Mr. Bell with Mr. Morris.
Mr. McIntire with Mr. Montoya.
Mr. Wallhauser with Mr. Stephens.
Mr. Forrester with Mr. Healey.
Mr. Flynt with Mr. Buckley.
Mr. Evins with Mr. Finnegan.
Mr. Pilcher with Mr. Burkhalter.
Mr. Kilgore with Mrs. Kee.
Mr. Landrum with Mr. Sheppard.
Mr. Baring with Mr. Dawson.
Mr. Diggs with Mrs. Green of Oregon.
Mr. Moorhead with Mr. Purcell.

Messrs. FISHER, ASHMORE, and ROGERS of Texas changed their votes from "nay" to "yea."

Mr. KEOGH. Mr. Speaker, I have a live pair with the gentleman from New York [Mr. BECKER]. If he were present, he would vote "yea." I voted "nay." I withdraw my vote and vote "Present."

Mr. ARENDS (during the rollcall). Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. ARENDS. Do Members have to qualify on this vote? Do they have to be in the room and hear their names called?

The SPEAKER. Yes.

The result of the vote was announced as above recorded.

Mr. COOLEY. Mr. Speaker, pursuant to the instructions of the House, I report the bill (H.R. 12298) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes, back to the House with an amendment.

The SPEAKER. The Clerk will report the amendment.

The Clerk read as follows:

At the end of section 1, insert the following:

"(12) Section 107 of such Act is amended by striking the phrase '(2) any nation or area dominated or controlled by the foreign government or foreign organization controlling the world Communist movement,' and insert in lieu thereof the phrase '(2) any nation or area dominated or controlled by a Communist government or by the world Communist movement.'"

The SPEAKER. The question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. HOEVEN. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 349, nays 6, answered "present" 2, not voting 73, as follows:

[Roll No. 253]

YEAS—349

Abbltt	Cohelan	Hall
Abele	Collier	Halleck
Abernethy	Conte	Halpern
Adair	Cooley	Harding
Addabbo	Corbett	Hardy
Albert	Corman	Harris
Andrews,	Cunningham	Harrison
N. Dak.	Curtin	Harsha
Arends	Daddario	Hawkins
Ashbrook	Dague	Hechler
Ashley	Daniels	Henderson
Ashmore	Davis, Ga.	Hoeven
Asplnall	Davis, Tenn.	Hollfield
Auchincloss	Delaney	Holland
Ayres	Dent	Horan
Baker	Denton	Horton
Baldwin	Derounlan	Hosmer
Barrett	Derwinski	Huddleston
Barry	Devine	Hull
Bass	Dole	Hutchinson
Bates	Donohue	Ichord
Battin	Dowdy	Jarman
Beckworth	Downing	Jennings
Beermann	Dulski	Jensen
Belcher	Duncan	Joelson
Bennett, Fla.	Dwyer	Johansen
Berry	Edmondson	Johnson, Calif.
Betts	Edwards	Johnson, Pa.
Blatnik	Elliott	Johnson, Wis.
Boggs	Ellsworth	Jonas
Bolton,	Everett	Jones, Ala.
Frances P.	Fallon	Jones, Mo.
Bolton	Farbstein	Karsten
Oliver P.	Fascell	Karth
Bonner	Felghan	Kastenmeier
Bow	Findley	Keith
Brademas	Fino	Kelly
Bray	Fisher	King, Calif.
Brock	Flood	King, N.Y.
Bromwell	Fogarty	Kirwan
Brooks	Ford	Knox
Broomfield	Fountain	Kunkel
Brotzman	Fraser	Kyl
Brown, Calif.	Frelinghuysen	Laird
Brown, Ohio	Friedel	Langen
Broyhill, N.C.	Fulton, Pa.	Lankford
Broyhill, Va.	Fuqua	Latta
Bruce	Gallagher	Leggett
Burke	Garmatz	Lennon
Burleson	Gary	Libonati
Burton, Calif.	Gathings	Lindsay
Burton, Utah	Gialmo	Lipscomb
Byrne, Pa.	Gibbons	Lloyd
Byrnes, Wls.	Gilbert	Long, La.
Cahill	Glenn	Long, Md.
Cameron	Gonzalez	McDade
Carey	Goodell	McDowell
Casey	Goodling	McFall
Cederberg	Grabowski	McLoskey
Chamberlain	Green, Pa.	McMillan
Chelf	Griffin	Macdonald
Chenoweth	Gross	Madden
Clancy	Grover	Mahon
Clark	Gubser	Mallillard
Clausen,	Gurney	Marsh
Don H.	Hagan, Ga.	Martin, Nebr.
Clawson, Del	Hagen, Calif.	Mathlas
Cleveland	Haley	Matthews

May	Rhodes, Pa.	Staggers
Michel	Rlch	Steed
Miller, Calif.	Riehlman	Stubblefield
Milliken	Rivers, Alaska	Sullivan
Mills	Rivers, S.C.	Taft
Minish	Roberts, Ala.	Talcott
Minshall	Roberts, Tex.	Taylor
Moore	Robison	Teague, Calif.
Morgan	Rodino	Teague, Tex.
Morrison	Rogers, Fla.	Thomas
Morse	Rogers, Tex.	Thompson, La.
Morton	Rooney, N.Y.	Thompson, N.J.
Mosher	Rooney, Pa.	Thompson, Tex.
Moss	Roosevelt	Thomson, Wis.
Murphy, Ill.	Rosenthal	Tollefson
Murphy, N.Y.	Rostenkowski	Trimble
Murray	Roudebush	Tuck
Natcher	Roush	Tuten
Nelsen	Roybal	Udall
Nix	Rumsfeld	Ullman
Norblad	Ryan, N.Y.	Utt
O'Brien, N.Y.	St. George	Van Deerlin
O'Hara, Ill.	St. Germain	Vanik
O'Hara, Mich.	St. Onge	Van Pelt
O'Konski	Saylor	Vinson
Olsen, Mont.	Schadeberg	Waggonner
O'Neill	Schenck	Watson
Osmer	Schneebeli	Watts
Ostertag	Schweiker	Weaver
Patman	Schwengel	Weltner
Patten	Scott	Westland
Pepper	Secrest	Whalley
Perkins	Selden	Wharton
Phillips	Senner	White
Pickle	Short	Whitener
Pike	Shriver	Whitten
Pirnie	Sibal	Wickersham
Poage	Slickles	Widnall
Poff	Sikes	Williams
Pool	Siler	Willis
Powell	Sisk	Wilson, Bob
Price	Skubitz	Wilson,
Pucinski	Slack	Charles H.
Purcell	Smith, Calif.	Wilson, Ind.
Quile	Smith, Iowa	Winstead
Randall	Smith, Va.	Wydler
Reid, Ill.	Snyder	Wyman
Reid, N.Y.	Springer	Young
Relfel	Staebler	Younger
Rhodes, Ariz.	Stafford	Zablocki

NAYS—6

Curtis	Foreman	Quillen
Dorn	Passman	Stinson

ANSWERED "PRESENT"—2

Keogh	Pelly
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NOT VOTING—73

Alger	Green, Oreg.	Meador
Anderson	Griffiths	Miller, N.Y.
Andrews, Ala.	Hanna	Monagan
Avery	Hansen	Montoya
Baring	Harvey, Ind.	Moorhead
Becker	Harvey, Mich.	Morris
Bell	Hays	Multer
Boland	Healey	Nedzi
Bolling	Hébert	Olson, Minn.
Buckley	Herlong	Pilcher
Burkhalter	Hoffman	Pillion
Celler	Kee	Rains
Colmer	Kilburn	Reuss
Cramer	Kilgore	Rogers, Colo.
Dawson	Kluczynski	Ryan, Mich.
Diggs	Kornegay	Sheppard
Dingell	Landrum	Stevens
Evins	Lesinski	Stratton
Finnegan	McClure	Toll
Flynt	McCulloch	Tupper
Forrester	McIntire	Wallhauser
Fulton, Tenn.	MacGregor	Wright
Gill	Martin, Calif.	
Grant	Martin, Mass.	
Gray	Matsunaga	

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Keogh for, with Mr. Becker against.
Mr. Harvey of Indiana for, with Mr. Pelly against.

Mr. Hébert for, with Mrs. Griffiths against.

Until further notice:

Mr. Reuss with Mr. Kilburn.
Mr. Herlong with Mr. Pillion.
Mr. Andrews of Alabama with Mr. Alger.
Mr. Grant with Mr. McCulloch.
Mr. Gray with Mr. Martin of California.
Mr. Matsunaga with Mr. Tupper.

Mr. Rogers of Colorado with Mr. Cramer.
Mr. Shipley with Mr. Harvey of Michigan.
Mr. Hays with Mr. Anderson.
Mr. Fulton of Tennessee with Mr. Bell.
Mr. Multer with Mr. McClure.
Mr. Montoya with Mr. MacGregor.
Mr. Morris with Mr. Wallhauser.
Mr. Monagan with Mr. Meader.
Mr. Boland with Mr. McIntire.
Mr. Colmer with Mr. Hoffman.
Mr. Celler with Mr. Avery.
Mr. Evins with Mr. Finnegan.
Mr. Gill with Mrs. Hansen.
Mr. Hanna with Mr. Ryan of Michigan.
Mr. Pilcher with Mr. Nedzi.
Mr. Kilgore with Mr. Lesinski.
Mr. Moorhead with Mr. Dingell.
Mr. Diggs with Mr. Sheppard.
Mr. Wright with Mrs. Kee.
Mr. Toll with Mr. Dawson.
Mr. Flynt with Mr. Buckley.
Mr. Forrester with Mr. Healey.
Mr. Rains with Mr. Olson of Minnesota.
Mr. Stratton with Mr. Burkhalter.
Mr. Kluczynski with Mr. Stephens.
Mr. Kornegay with Mr. Landrum.
Mrs. Green with Mr. Baring.

Mr. KEOGH. Mr. Speaker, I have a live pair with the gentleman from New York [Mr. BECKER]. If he were present he would have voted "nay." I voted "yea." I withdraw my vote and vote "present."

Mr. PELLY. Mr. Speaker, I have a live pair with the gentleman from Indiana [Mr. HARVEY]. If he were present he would have voted "yea." I voted "nay." I withdraw my vote and vote "present."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. COOLEY. Mr. Speaker, pursuant to House Resolution 865, I call up from the Speaker's table for immediate consideration the bill (S. 2687) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes.

The Clerk read the title of the bill.

The Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Agricultural Trade Development and Assistance Act of 1954, as amended, is further amended as follows:

(1) Section 101 of such Act is amended by striking out in subsection (f) the words "from the government or agencies thereof" and further by striking the period at the end of subsection (f) and adding the following: ", and which are not less favorable than the highest of exchange rates obtainable by any other nation."

(2) Section 101 of such Act is amended by adding at the end thereof the following new subsection:

"(g) require such foreign currencies to be convertible to dollars to the extent consistent with effectuation of the purposes of this Act."

(3) Section 102 of such Act is amended by adding at the end thereof the following: "The Commodity Credit Corporation shall finance ocean freight charges under this section only to the extent that such charges are higher (than would otherwise be the case) by reason of a requirement that the commodities be transported in United States-flag vessels."

(4) Section 103(a) of such Act is amended by adding at the end thereof the following: "In presenting his budget, the President shall classify expenditures under this Act as ex-

penditures for international affairs and finance rather than for agriculture and agricultural resources."

(5) Effective January 1, 1965, section 103(b) of such Act is amended to read as follows:

"(b) Agreements shall not be entered into under this title during the period beginning January 1, 1965, and ending December 31, 1966, which will call for appropriations to reimburse the Commodity Credit Corporation in a total amount in excess of \$2,700,000,000 plus any amount by which agreements entered into in prior years have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such prior years by this Act as in effect during such years; *Provided*, That agreements shall not be entered into during any calendar year of such period which will call for appropriations to reimburse the Commodity Credit Corporation in amounts in excess of \$2,500,000,000."

(6) Section 104 of such Act is amended by striking out in subsection (c) the word "military" and inserting after the words "common defense" the words "including internal security".

(7) Section 104 of such Act is amended by striking from subsection (e) the words "not more than 25 per centum of the currencies received pursuant to each such agreement shall be available" and substituting "currencies shall also be available to the maximum usable extent."

(8) Section 104 of such Act is amended (i) by striking out in the first proviso following subsection (s), "subsections (d) and (e) and for payment of United States obligations involving grants under subsection (f)" and inserting in lieu thereof "this section, and to all foreign currencies derived from payments of interest or repayments of principal on loans made under this section,"; and (ii) by striking out the second proviso following subsection (s).

(9) Section 104 of such Act is amended by adding at the end thereof the following: "No agreement hereunder shall impose any restrictions not contained in this section on the use to meet the requirements of United States Government agencies in the importing country of local currencies not devoted to subsection (c), (d), (e), or (g). Any such currencies shall under the terms of the agreement be made legal tender or convertible into legal tender for the purpose of any obligation of the United States or any of its agencies to the government of the importing country or any of its agencies. Any loan made under the authority of this section shall bear interest at such rate as the President may determine but not less than the cost of funds to the United States Treasury, taking into consideration the current average market yields on outstanding marketable obligations of the United States having maturity comparable to the maturity of such loans."

(10) Section 108 of such Act is amended by striking out the words "six months" and inserting in lieu thereof the word "year".

(11) Section 203 of such Act is amended (i) by striking out "1961" and substituting "1965"; (ii) by striking out "1964" and substituting "1966"; (iii) by striking out "\$300,000,000", and substituting "\$375,000,000"; and (iv) by inserting after "charges for general average contributions arising out of the ocean transport of commodities transferred pursuant hereto" the following "or donated under said section 416, section 308 of this Act or section 9 of the Act of September 6, 1958 (72 Stat. 1790)". Clauses (i), (ii), and (iii) hereof shall not become effective until January 1, 1965.

(12) Sections 109 and 204 of such Act are amended by striking out "1964" and inserting "1966".

(13) Clause (1) of section 304(a) of such Act is amended by inserting after the words "Union of Soviet Socialist Republics" the words "or the Communist regime in China".

(14) The first sentence of section 403 of such Act is amended by striking out the words "more than" and inserting the words "less than".

SEC. 2. Subsection (b) of section 612 of the Foreign Assistance Act of 1961, as amended, is amended (1) by redesignating it as subsection (t) of section 104 of the Agricultural Trade Development and Assistance Act of 1954, as amended.

(2) By inserting after the subsection designation the following: "For sale to United States citizens as provided herein.";

(3) By striking "this Act" and substituting "the Foreign Assistance Act of 1961, as amended.";

(4) By changing the period at the end of the subsection to a comma and adding "except that in the case of any such foreign currencies acquired through operations under title I of the Agricultural Trade Development and Assistance Act of 1954, as amended, the United States dollars received from the sale of such foreign currencies shall be deposited to the account of the Commodity Credit Corporation and shall be treated as a reimbursement to Commodity Credit Corporation under section 105 of this Act."

SEC. 3. Notwithstanding any other provision of law, the Commodity Credit Corporation, in order to encourage exports of extra long staple cotton which is in surplus supply, is directed to sell or otherwise make available for export extra long staple cotton at prices not in excess of the prices at which cotton of comparable qualities is being offered by other exporting countries. Such cotton shall be sold or otherwise made available for export as long as such cotton is in surplus supply as determined pursuant to the provision of section 106 of the Agricultural Trade Development and Assistance Act.

Mr. COOLEY. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COOLEY: Strike out all after the enacting clause of S. 2687 and insert in lieu thereof the text of H.R. 12298, as passed, as follows:

Resolved, That the bill from the Senate (S. 2687) entitled "An Act to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes", That the Agricultural Trade Development and Assistance Act of 1954, as amended, is further amended as follows:

"(1) Effective January 1, 1965, that part of Section 103(b) of such Act which precedes the colon is amended to read as follows: 'Agreements shall not be entered into under this Title during the period beginning January 1, 1965 and ending December 31, 1967 which will call for appropriations to reimburse the Commodity Credit Corporation in a total amount in excess of \$4,000,000,000 plus any amount by which agreements entered into in prior years have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such prior years by this Act as in effect during such years.'

"(2) Section 104 of such Act is amended by striking out in subsection (c) the word 'military' and inserting after the words 'common defense' the words 'including internal security'.

"(3) Section 104 of such Act is amended by adding the following new subsection:

"(u) None of the foreign currencies generated under this Act shall be used to promote or to help promote, or to increase production of any farm commodity units of which shall have been exported from such country in the preceding calendar year, in

competition with production in the United States.'

"(4) The first proviso at the end of section 104 of such Act is amended by striking out 'to not less than 10 per centum of the foreign currencies which accrue under this title;' and substituting ', effective with respect to agreements entered into during the period beginning January 1, 1965, and ending December 31, 1967, to not less than 20 per centum in the aggregate of the foreign currencies which accrue under such agreements.'

"(5) Section 107 of such Act is amended by adding at the end thereof the following: 'For the purposes of Titles I and IV of this Act, the term "friendly nation" shall not include any country which permits ships or aircraft under its registry to transport to or from Cuba (excluding United States installations in Cuba) any equipment, materials, or commodities, so long as Cuba is governed by the Castro regime.'

"(6) Section 108 of such Act is amended by striking out the words 'six months' and inserting in lieu thereof the word 'year'.

"(7) Sections 109 and 204 of such Act are amended by striking out '1964' and substituting in lieu thereof '1967'.

"(8) Section 203 of such Act is amended by striking out '1961' and substituting '1965'; by striking out '1964' and substituting '1967'; by striking out '\$300,000,000', and substituting '\$450,000,000'; and by inserting after 'charges for general average contributions arising out of the ocean transport of commodities transferred pursuant hereto' the following: 'or donated under said section 416, section 308 of this Act or section 9 of the Act of September 6, 1958.'

"(9) Section 203 of the Act is amended by inserting after the third sentence of said section the following new sentence: 'In addition to other funds available for such purposes under any other Act, funds made available under this title may be used to purchase foreign currencies accruing under title I in order to meet costs (except the personnel and administrative costs of cooperating sponsors, distributing agencies, and recipient agencies, and the costs of construction or maintenance of any church owned or operated edifice or any other edifices to be used for sectarian purposes) designed to assume that commodities made available under this title or under title III are used to carry out more effectively the purposes for which such commodities are made available or to promote community and other self-help activities designed to alleviate the causes of the need for such assistance: *Provided, however*, That such funds shall be used only to supplement and not substitute for, funds normally available for such purposes from other non-United States Government sources' and by inserting after the word 'costs' in the last sentence the words 'or for the purchase of foreign currencies'.

"(10) Section 101 of such Act is amended by striking out in subsection (f) the words 'from the government or agencies thereof' and further by striking the period at the end of subsection (f) and adding the following: ', and which are not less favorable than the highest of exchange rates obtainable by any other nation.'

"(11) The President is directed that no funds under this Act shall be spent in any country unless he finds such country is not (a) an aggressor, in a military sense, against any country having diplomatic relations with the United States, or (b) using funds, of any sort, from the United States for purposes inimical to the foreign policies of the United States.

"(12) Section 107 of such Act is amended by striking the phrase '(2) any nation or area dominated or controlled by the foreign government or foreign organization controlling the world Communist movement,' and

insert in lieu thereof the phrase '(2) any nation or area dominated or controlled by a Communist government or by the world Communist movement.'

"Sec. 2. Subsection (b) of section 612 of the Foreign Assistance Act of 1961, as amended, is amended (1) by redesignating it as subsection (t) of section 104 of the Agricultural Trade Development and Assistance Act of 1954, as amended.

"(2) By striking 'this Act' and substituting 'the Foreign Assistance Act of 1961, as amended'.

"(3) By changing the period at the end of the subsection to a comma and adding 'except that in the case of any such foreign currencies acquired through operations under title I of the Agricultural Trade Development and Assistance Act of 1954, as amended, the United States dollars received from the sale of such foreign currencies shall be deposited to the account of the Commodity Credit Corporation and shall be treated as a reimbursement to Commodity Credit Corporation under section 105 of this Act.'

"Sec. 3. Section 416 of the Agricultural Act of 1949, as amended, is amended by adding the following at the end of such section: "The assistance to needy persons provided in (4) above shall, insofar as practicable, be directed toward community and other self-help activities designed to alleviate the causes of the need for such assistance."

The amendment was agreed to.

The bill was ordered to be read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

A similar House bill, H.R. 12298, was laid on the table.

Mr. COOLEY. Mr. Speaker, I move that the House insist on its amendments to the bill S. 2687, to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes, and ask for a conference with the Senate.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

The SPEAKER. The Chair appoints the following conferees: Messrs. COOLEY, POAGE, MATTHEWS, HOEVEN, and DAGUE.

PERSONAL ANNOUNCEMENT

Mr. MacGREGOR. Mr. Speaker, I ask unanimous consent that directly following the rollcall vote on the extension and amendment of Public Law 480 there appear the following personal explanation. I was prevented from casting my affirmative vote for that matter by public business arising in my district and my need to attend to that. Had I been able to be present, I would have voted "yea."

GENERAL LEAVE TO EXTEND REMARKS

Mr. COOLEY. Mr. Speaker, I ask unanimous consent that all Members desiring to do so may have 5 legislative days to extend their remarks in the RECORD on the bill just passed.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

COMMITTEE ON PUBLIC WORKS

Mr. FALLON. Mr. Speaker, I ask unanimous consent that the Committee

ferred to "cockroaches who crawled into the State of Mississippi to incite violence."

In an apparent reference to last November's tragedy in Dallas, Dr. Oliver suggested that if Communist plans had not gone astray, we would have had "a national Saturnalia of legalized violence under cover of which the international conspiracy could have gained control of the whole Nation."

The way the plans went astray, of course, is that police caught the Marxist who killed the President. Some leftwing liberals already had blamed Dallas-rightwingers for the assassination. If Lee Oswald had not been caught, the radical liberals undoubtedly would have broadened and intensified their attack in an effort to discredit and vilify many legitimate conservative organizations.

But to suggest that this would have become an orgy of legalized violence is to peer at the world through paranoid spectacles.

Dr. Oliver described the John Birch Society as "a patriotic organization whose principal function is to educate the American people" about the Communist conspiracy.

We're all for that, if they'll stick to it. There is a Communist conspiracy which threatens America and all the free world. The U.S. Government does not seem sufficiently alert to the problem or adept at coping with it.

But irresponsible and unprovable statements such as those made by Dr. Oliver are not effective weapons against communism. In the long run, Birchers who talk like that do more to hurt than help the anti-Communist cause.

Welfare and Pension Funds

EXTENSION OF REMARKS

OF

HON. J. ERNEST WHARTON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 1, 1964

Mr. WHARTON. Mr. Speaker, the recent conviction of labor leaders who misappropriated welfare and pension funds of their unions have prompted a number of my constituents to inquire as to the possibility of depleted welfare funds and Federal protection in this area.

These funds are established to provide death, disability, and retirement benefits for employees, and represent an incentive for increased production and continued employment. They are a part of the worker's compensation and he has a vested claim in them just as he does to his private savings account.

Regretfully, I find that existing Federal banking and labor statutes do not protect the worker against unscrupulous employers or trustees who may raid the fund. This is particularly true of small corporations which, in desperation and on the verge of bankruptcy, sometimes resort to "borrowing" from the employees retirement fund. When bankruptcy actually occurs in such a case, the welfare pension fund is lost and its purpose defeated along with what remains of the assets of the defunct business.

The U.S. Department of Labor informs me that while they are aware of these criminal acts they presently have no jurisdiction or legal means to prevent raids on pension funds. Unfortunately, their

records disclose many cases of this nature.

Certainly this glaring deficiency must be corrected with appropriate penalties, including heavy fines and jail sentences.

These funds are trust funds and should be accorded the same careful protection as those of deceased persons held in trust for the benefit of widows and orphans. It can be accomplished by Government supervision, insurance, or investment standards to limit the range of trustee discretion.

I am well aware that it is too late in the present session to obtain constructive action on what is a highly-controversial matter. However, I am today submitting a proposed bill for record purposes and study, and I urge its careful consideration by interested Members who may feel disposed to join me in pressing this matter at the opening of the next session of Congress.

Marshall W. Amis

EXTENSION OF REMARKS

OF

HON. JIM WRIGHT

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 3, 1964

Mr. WRIGHT. Mr. Speaker, on September 30 a distinguished public servant will retire from the public service. He is Marshall W. Amis, who has served admirably and effectively as regional director of the Public Housing Administration in Fort Worth, Tex., for many years.

Since his record of service is an inspiration to many, and since through his dedicated years of work in our Federal Government, he has assisted so many Americans to achieve a better and more comfortable life, I am including here a statement of his public service written by George Parker, the regional attorney for the Public Housing Administration in the Fort Worth regional office:

STATEMENT IN HONOR OF MARSHALL W. AMIS,
ON THE OCCASION OF HIS RETIREMENT FROM
PUBLIC SERVICE, SEPTEMBER 30, 1964

Marshall W. Amis has served with great distinction and success as regional director of the Public Housing Administration since the regional office was first established in Fort Worth on June 30, 1939, except for approximately 5 years (1948-53), while Mr. Amis acted as general counsel of the agency in Washington, D.C. Mr. Amis will complete nearly 33 years of devoted exemplary Federal service on September 30, 1964, when he reaches the age of compulsory retirement, and we believe that it is particularly fitting and timely that this outstanding public servant be recognized on the occasion of his retirement.

The best evidence of the exceptional ability and outstanding public service shown by Marshall Amis in his long, exemplary and fruitful career as a public servant is the record of his administration of the Public Housing Administration regional office for more than 20 years. It is a record (1) of great accomplishment, (2) of impeccable integrity and outstanding citizenship, and (3) a wise and prudent administration of Federal funds entrusted into his stewardship.

It is also timely to honor Marshall Amis in view of the national program to conduct

an all-out war on poverty. Mr. Amis has been a dedicated warrior against poverty throughout his many years of public service and his accomplishments in providing better housing for the poverty-stricken families of the Southwestern States and in eliminating slums and substandard housing is an outstanding testimonial that in a great democracy such as ours there are no unimportant people and that we as a nation want for every child and family the opportunity of achieving their fullest potential as citizens.

Mr. Amis was born September 13, 1894, in Newton County, Miss. His father was a Meridian, Miss., attorney and also was judge of the equity court there. He was educated in public schools at Meridian and was valedictorian of his high school graduating class. In 1917 Amis was graduated from the University of Mississippi with two degrees, bachelor of arts and bachelor of laws. Both were earned magna cum laude.

1. ACCOMPLISHMENTS

The Public Housing Administration Fort Worth Regional Office administers the Federal program of financial assistance to local communities to provide low-rent decent, safe and sanitary housing for its lowest income families and the elimination of substandard housing in the eight Southwestern States, including Texas. The five low-rent housing projects of the housing authority of the city of Fort Worth that have eliminated much substandard housing and provided 1,074 decent, safe, and sanitary homes for low-income Fort Worth families is an example of Mr. Amis' leadership and administration of the program in this area. Since 1939 more than 65,000 low-rent housing units have been provided in the Southwestern States and more than 48,000 substandard shacks and slums have been eliminated as part of the program.

When it is considered that the local housing authorities are encouraged to utilize their low-rent housing units as stepping stones for self-improvement of low-income families, preparatory to advancement into homes of their own, Mr. Amis' efforts through the years have undoubtedly resulted in the rehabilitation and uplifting of hundreds of thousands of low-income families. Almost every day we receive reports of low-income families that have progressed up the economic scale through the temporary help received in obtaining a decent place to live at a rent sufficiently low to be met by their limited means. A doctor who is now serving on the board of one of our local housing authorities recently told a member of our office that without the temporary help of living in a low-rent housing project while in medical school he could not have completed his medical education and supported his wife and small children. Another heartwarming example of the success of Mr. Amis' dedicated war on poverty was the recent announcement that the valedictorian of a high school in this area was a product of a low-rent housing project whose family had formerly resided in substandard housing. Thousands of young people in the Southwestern area have escaped the bonds of poverty through the help of a decent, safe, and sanitary home made possible by Marshall Amis' leadership.

In addition to his accomplishments with respect to the low-rent housing program, Mr. Amis and his office rendered outstanding and efficient service to the Nation in providing most of the temporary housing for service personnel and warworkers in the Southwestern area during World War II. Thousands of units were provided in a fast, efficient, and economical manner, ranging from permanent housing to trailer villages put into operation almost overnight. In Texas alone over 32,000 units of war housing were developed under Mr. Amis' leadership. After the war was won and the veterans came home seeking a place to start life again, Mr.

Amis and his organization did a prodigious job of providing temporary housing for veterans through the reuse and conversion of temporary war housing and military barracks. Thousands of veterans in the Southwest owe a great debt to the efficiency and redtape cutting ability of Marshall Amis in getting temporary housing ready for them—certainly not fancy but decent and sanitary and happily accepted by the veterans until permanent housing of their own could be attained.

2. A RECORD OF INTEGRITY AND DEVOTION TO THE PUBLIC SERVICE

We can think of no finer example of an able, devoted public servant of the greatest integrity and good citizenship than Marshall W. Amis. In his nearly 33 years of public service he has set an outstanding example for his office subordinates and associates. In his more than 20 years as Director of the Fort Worth Public Housing Administration office, there has been no instance of laxity or loss to the taxpayers in the administration of millions of dollars of Federal funds, neither in his own office nor in the projects financed under his supervision. In every case where an irregularity arose it was dealt with swiftly and promptly without scandal or loss to the taxpayers. Mr. Amis has set a wonderful example for his employees as a fine Christian citizen. He is a devoted member of the First Methodist Church and takes a personal interest that every PHA employee pays his poll tax and exercises his responsibility as a citizen. There has never been a single year since the establishment of the Fort Worth Regional Office that the office has not substantially oversubscribed its quota to the United Fund, the Savings Bond Campaign and other charitable and patriotic activities. Mr. Amis is an active member of the Fort Worth Rotary Club and is past president of the Fort Worth Federal Business Association. He is a veteran of World War I and served as Captain, Battery A, 334th Field Artillery, 87th Division of the A.E.F.

3. THE TAXPAYERS FRIEND

Marshall Amis is widely known and honored as a Government official with an outstanding record of wise and frugal expenditure of the Federal funds entrusted to his stewardship. Not only are the low-rent housing projects developed in this area financed at lower costs than any other regional area in the United States, but Mr. Amis does it with fewer employees, lower administrative expense, but yet with greater tangible results. For example, there are less than half as many employees in the Fort Worth regional office per low-rent housing project administered, than the average of all the other PHA regional offices. The Fort Worth office achieves lower office overhead expense than other regional offices through the simple process of getting by with more than 25 percent less space per employee, despite the greater workload than other PHA offices. The results achieved in the low-rent housing program under Mr. Amis' administration are equally gratifying. The program administered by the Fort Worth regional office has achieved the lowest rents and is serving the lowest income families of any other PHA regional office, including the southeastern region. The median gross rent (including gas, electricity, and water) achieved in the Southwestern area projects was the very low figure of \$34.39 for the year ending June 30, 1963. The national average median gross rent, including utilities, was \$45.34. The median income of the low-income families housed in the Southwestern area was \$1,976 per year, the lowest in the Nation. The national median income of families housed in PHA financed housing was the very respectable figure of \$2,464, but nearly \$500 higher than that achieved under Mr. Amis' administration.

Mr. Amis emphasizes in his dealings with communities the importance of providing better housing for low-income families with children. The average family housed in Southwestern low-rent housing projects, including many elderly families without children, is nearly four children per family. This is also the best record of any PHA office in helping larger families.

G. A. PARKER,
Regional Attorney, Fort Worth Regional
Office, Public Housing Administration.

Extension and Amendment of Public Law 480

SPEECH OF

HON. BENJAMIN S. ROSENTHAL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 2, 1964

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 12298) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes.

Mr. ROSENTHAL. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I would like to put in perspective some of the precedents in the use of this law. For that purpose, I should like to ask the gentleman from Texas or members of the committee precisely what aid we have given to the United Arab Republic under Public Law 480. I wonder if any of them could tell us in the first instance under how many titles of the law the United Arab Republic receives aid.

Mr. POAGE. Mr. Chairman, will the gentleman yield?

Mr. ROSENTHAL. I yield to the gentleman from Texas.

Mr. POAGE. The United Arab Republic receives aid under title I. We have sold to the United Arab Republic in the last 10 years under title I \$1,129,700,000 worth of commodities. Then we have given the United Arab Republic certain aid under title II which is, of course, the program where we give the aid rather than sell it and that comes to a total in the last 10 years of \$25,348,000.

Mr. ROSENTHAL. Is that \$25 billion?

Mr. POAGE. No, it is \$25,348,000.

Mr. ROSENTHAL. Under title I is there any delineation as to the nature of the country we are giving aid to, as to whether it is a friendly country, a neutral country, or an unfriendly country, or any other status?

Mr. POAGE. The law says "to friendly countries."

Mr. ROSENTHAL. That is friendly countries? And all during this 10-year period we sold them over a billion dollars worth of commodities, they have qualified under this section as a friendly country?

Mr. POAGE. Yes.

Mr. ROSENTHAL. I wonder if the gentleman from New Jersey who is a member of the distinguished Committee on Foreign Affairs, and who has been a vigorous opponent of this amendment

and a great proponent of foreign aid, will tell me how in any way, shape, or form the United Arab Republic can be defined as a "friendly" country?

Mr. GALLAGHER. I think the determination in the aid bill is one where the President must make the determination that they are involved in aggression. I believe one of the things the State Department is trying to do is to protect the status of Israel and one of the ways we can do that best is by having some leverage in the Near East and even though that is a worn out argument as the previous gentleman said, the fact of the matter is that warfare has not broken out between Israel and Egypt.

Mr. ROSENTHAL. The gentleman is going one step beyond the point I want to make. Are you prepared to state here and now that without the advocacy of the State Department and by your own definition of the word "friendly", you are prepared to define the United Arab Republic as a friendly country?

Mr. GALLAGHER. No, I do not think the United Arab Republic is a friendly country. I do not think Mr. Nasser is a very friendly person. I am interested, however, in the national interest of the United States and in our interest in the Near East and our interest in the State of Israel.

Mr. ROSENTHAL. We can come to that in a minute. But if I may continue, if you are prepared to say that the United Arab Republic is not a friendly country, then in no way can you justify aid to that country under the existing legislation.

Mr. GALLAGHER. If the gentleman will permit me, my definition of friendly and the definition of the State Department of the word "friendly" may be two different things. I am talking about some of the acts—some of the noise and some of the acts that Mr. Nasser has carried out against Israel and I am pointing out that they have not been very friendly. But I do not think we should at this point be in the position of casting Mr. Nasser and the rest of the Near East into the same role and say that they are all Communists.

Mr. ROSENTHAL. That is precisely the point I make. I am not willing to substitute the judgment of the Department of State for my own judgment. I am willing to stand with you in defining the word "friendly." Both of us agree that the United Arab Republic has not been a friendly country, notwithstanding any propaganda that the Department of State puts out.

Mr. GALLAGHER. But we are talking about our Nation.

Mr. ROSENTHAL. If you and I believe in our definition of the word "friendly," then we simply cannot continue giving aid to the United Arab Republic, regardless of what the State Department tells us. They are going to tell us about stability and maintaining a flexible hand. These are told, tired, and worn out clichés. It seems to me on the face of it we are continuing to violate the law by giving aid to a country that is most unfriendly to the interests of the United States.

Mr. GALLAGHER. If the gentleman will let me clear up our definitions here—a friendly nation could be considered as one that is not unfriendly to the United States or even a nation that is not at war with the United States. So there is a broad area of definition involved here. The gentleman is accepting his definition in one category.

Mr. ROSENTHAL. No, I am accepting your definition.

Mr. GALLAGHER. No, I think what we are trying to do is to accept the definition that is going to best serve the interest of the United States. That is what we are talking about.

Mr. ROSENTHAL. I think we are all reasonable men, and we know what the word "friendly" means, and we know what the word "neutral" means, and we know what the word "unfriendly" means. I think you join with me, regardless of what the Department of State says, that the United Arab Republic is not a friendly nation, and if they do not fit that definition, they cannot receive assistance under this law.

Mr. GALLAGHER. I must point out to the gentleman that he is speaking for himself on this point.

Mr. ROSENTHAL. Mr. Chairman, I urge the adoption of this amendment.

The CHAIRMAN. The time of the gentleman has expired.

proportionate to the geographic spread of population. Justice Frankfurter, in his monumental dissent, pointed out that arithmetical equality in voting "was not the system chosen by the Constitution" and "is not predominantly practised by the States today." The case, he concluded, "is of that class of political controversy which, by the nature of its subject, is unfit for Federal judicial action."

That, however, was not the majority opinion. And the theory of judicial control over legislative composition has now been carried much further by the Supreme Court's judgment of June 15, on six similar cases appealed from Alabama, Colorado, Delaware, Maryland, New York, and Virginia. In all of these Justice Harlan, associated with Frankfurter in the Tennessee dissent, again denies validity to the argument that the legislatures of these States "are apportioned in ways that violate the Federal Constitution."

The progression to the current cases from that of 1962 is noteworthy. In the Tennessee ruling the Court established its right to intervene, justifying this by the "Invidious discrimination" among electoral districts of the lower house with very unequal population. In the current cases the right of intervention is assumed. Local efforts to rectify imbalance without profound disturbance of traditional patterns are found inadequate. And not just one but both houses of the affected State legislatures are told that they must reapportion on the principle of "one person, one vote."

With this decision, which demands reorganization of legislative arrangements in almost every State, the import of Justice Frankfurter's prescient observation becomes more clear. What the Court is doing is to impose on the States a new conception of representative government, far more egalitarian than that established by the Founding Fathers. The effect is no less revolutionary because ordained by an agency—the Federal judiciary—not customarily associated with profound political upheavals.

Nor is it to be expected that the resultant tremors will be confined to State capitols and local political organizations. In *Wesberry v. Sanders*, the Supreme Court decided, some months ago, that "our Constitution's plain objective" is to provide "equal representation for equal numbers of people." This goes for the Federal House of Representatives as clearly as for the State legislatures. And if the U.S. Senate is safeguarded by very special constitutional guarantees the current decisions nonetheless imply that its system of representation—two Senators alike from sparsely and heavily populated States—is somehow un-American and undesirable.

THE CHOICE

The "competing theories of political philosophy" to which Justice Frankfurter referred are that of a federal republic, on the one hand, and that of a unitary democracy on the other. "Totalitarian" would be a more descriptive adjective than unitary, except that it has acquired a strongly derogatory flavor. The point is that the opposite to the division of governmental power essential for a federal republic is the concentration of governmental power necessary to make a democracy operative.

Democracy, in its political sense of unqualified majority rule, upholds the principle of "winner takes all." Carried to a logical conclusion it means that minorities have no rights which "the will of the people" may not override. Vox populi, vox dei, as the old Romans said. The trouble there was that ambitious generals soon saw themselves as spokesmen of all the people and therefore as godlike rulers. Thus representative government, lacking careful institutional restraint, soon ceased to be democratic even as it claimed that objective. We see the same phenomenon operating in Communist

countries today, called "democratic people's republics" by their dictators on the assumption that they are the only legitimate interpreters of the popular will.

The Greeks, for a brief but glorious period, were able to avoid this political degeneration, simply by stressing the excellence for which they were taught to strive in every aspect of life. Government should be representative, serving the interests of all, impartially. But those who conduct it should be, in every sense, an "elect" group chosen by a very limited suffrage.

The authors of the Constitution, for the most part good classical scholars, paid close attention to the Greek and Roman precedents. While firm believers in representative government, they found democracy, in its political as contrasted with its social sense, abhorrent. The word is not mentioned in the Constitution and became especially mistrusted when the doctrine of absolute equality led to the reign of terror in France. This prompted the famous aphorism of John Adams, our second President: "There never was a democracy that did not commit suicide."

THE MEANING OF FEDERALISM

In fact, it was impossible for the Government of the United States, in origin, to be really democratic. It had to take Federal form to achieve the Union of the 13 originally independent States. The essence of federalism is the reservation to its component parts of certain defined powers, which of itself involves a limitation of the powers of the general government. No matter what their collective desires, the people of a federation are not entitled to decide matters reserved to the authority of the constituent States. In a federation, majority opinion is therefore sometimes ineffective, unless it coincides with the public opinion of autonomous localities.

That much is true of any federation, but in our own the curbing of democracy was originally carried further. Some of these curbs on popular control have been removed, but others of great significance remain. Congress, for instance, "shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof." Here is a clear contraction of democracy but not of representative government, which serves to protect those very minorities that democracy is disposed to crush. Under our system an opinionated religious sect, like the Amish, is safeguarded not by sending representatives to Congress but simply because the conventional majority there is denied the democratic power to suppress.

While deeply interested in political personalities and detail, most contemporary Americans are far more ignorant of political theory than were their forefathers. This presumably explains why the present Supreme Court can effectively suggest that representative government is necessarily democratic, and that democracy is necessarily representative. Yet illustrations of the important difference between the two are all around us. As the electoral system has developed it will be the rule, not the exception, in November for a simple majority, or even a plurality of the voters in each State to decide the entire electoral vote of that State. This accords with the democratic principle of "winner takes all." But it is difficult to find anything representative in the procedure.

There are many indications that the objective of some Americans today is to substitute pure democracy for our traditional system of representative government. One way to accomplish this is to take all intelligent content out of the technical political term "democracy," and to make it a "good" word surrounded with a mystique calculated to make people react with spontaneous favor to its utterance. Over the years this has been done. Today it is almost embarrassing to recall that James Madison considered po-

The Supreme Court and the Republic

EXTENSION OF REMARKS OF

HON. WILLIAM M. McCULLOCH

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 3, 1964

Mr. McCULLOCH. Mr. Speaker, four full pages of *Fortune* magazine for August 1964 are devoted to a layman's dissent, by Mr. Felix Morley, to the recent Supreme Court decisions on reapportionment of State legislatures. It is an informative, logical, and persuasive dissent and I respectfully urge all my colleagues to read it. It is entitled "The Supreme Court and the Republic."

The "dissent" follows:

THE SUPREME COURT AND THE REPUBLIC
(By Felix Morley)

(This is a layman's, not a lawyer's, dissent from the recent Supreme Court decisions on reapportionment. Mr. Morley is a journalist and educator, onetime editor of the *Washington Post*, and subsequently president of Haverford College. He is also an authority on constitutional history and the author of "The Power in the People" and "Freedom and Federalism." His views, considered alongside the Court's, point up the profound difficulties of maintaining our system of republican government.)

In his final opinion as a Supreme Court Justice, delivered from that Bench on March 26, 1962, Felix Frankfurter quietly observed that: "What is actually asked of the Court in this case is to choose * * * among competing theories of political philosophy."

The case was *Baker v. Carr*, establishing jurisdiction for Federal courts over the system of representation in the general assembly of Tennessee, and, in effect, ordering that representation in the lower house be made

litical democracy "incompatible with personal security or the rights of property."

The second way to weaken representative government is to erode the Federal structure by a continuous and progressive centralization of governmental functions. This process, too, was underway long before the day of F.D.R., who probably deserves less credit, or discredit, than he generally receives for the concentration of power in Washington.

But the movement to eliminate the States as sovereign entities is greatly impeded by the fact that local self-government, though often inefficient and not infrequently corrupt, is still generally regarded as preferable to dictation by distant bureaucrats. At many points along the road to socialism the Congress has dug in its heels, showing strong skepticism toward the provision of "bread and circuses," as the old Romans characterized the various new and fair deals by which the unconquerable empire was undermined from within.

A DANGEROUS PRECEDENT

There is, however, an infrequently used device by which the executive may overcome the obstruction of a recalcitrant legislature. It can summon the third arm of Government which is the judiciary, to its aid, and if the judges are compliant, giving fluid interpretation to the laws, representative government may in effect be frustrated. Such a policy is dangerous and a great deal depends on the manner in which it is undertaken. King Charles I of England called on the judiciary to support the divine right of kings, as did Louis XVI a century and a half later in France. In both cases the monarchs were decapitated for their pains.

It is a more subtle and promising tactic to have the judges find legislative obstruction "undemocratic" since the charisma of democracy protects the executive against any charge of arrogance, seems favorable to everybody, and accords with the general sense of justice, in which the judicial profession is assumed to be expert. And though the Supreme Court is, ironically, the most undemocratic of our institutions it is working assiduously in favor of more democratic representation.

"The right to vote freely for the candidate of one's choice is of the essence of a democratic society, and any restrictions on that right strike at the heart of representative government." So says Chief Justice Warren in his controlling opinion on the latest apportionment cases. But the right to vote freely is not at issue in any of these cases. The issue is merely whether there is improper discrimination when all votes are not equally weighted on a nose-count basis. And that question does not affect "the heart" of representative government. Its major concern is quality of representation while that of democratic government is quantity in election. New York was not underrepresented at the Philadelphia Convention of 1787 because it had only one delegate—Alexander Hamilton—to sign the Constitution, whereas Delaware had five, whose names would today be recognized by very few.

NOT TREES OR ACRES

Confusion of qualitative and quantitative values, in Chief Justice Warren's opinion of June 15, leads to a tortured reasoning not likely to become more impressive as it is subjected to the test of time. The opinion relies, in large part, on that clause of the 14th amendment which says that no State shall "deny to any person within its jurisdiction the equal protection of the laws." Taking this clause out of context it is laboriously argued that equal protection is denied unless representatives speak for an arithmetically equal number of people. "Legislators," says the current judgment, "represent people, not trees or acres." That is the theory of pure democracy, which reduces individuals to so many faceless integers, to be electronically

numbered and herded about like sheep. The theory of representative government is that those who make the laws should consider their constituents not merely in quantity but also in quality. Their interests, too, merit consideration and these include trees, acres, and countless other properties, tangible and intangible. To ignore these manifold interests is to debase human nature.

That is what happens when representative government concentrates wholly on democratic principles. But if it ignores these principles entirely it also ceases to be representative. By the latter mistake the States collectively have invited the further blow to their sovereignty that the Court has now delivered. In many of the local legislatures there has been no redistricting for decades, so that rural areas continue to dominate the State capitols in a manner palpably unfair to the swollen metropolitan ganglia. Chief Justice Warren points out that "the last apportionment of the Alabama Legislature was based on the 1900 Federal census, despite the requirement of the State constitution that the legislature be reapportioned decennially." Few would deny that the Supreme Court has both the authority and the duty to request a State to observe its own constitutional provisions.

Unfortunately, the decision in regard to Alabama and the five others goes far beyond any such timely admonition. It rules that both houses must be apportioned strictly on the basis of population, asserting that "the fundamental principle of representative government in this country is one of equal representation for equal number of people * * *". If the U.S. Senate seems to refute this dictum it is because that body is a case apart, constituted not on the basis of logic but of compromise at the Constitutional Convention of 1787.

MORE THAN A CONVENIENCE

Compromise between the large and small States certainly played a part in the decision to make representation in the Senate equal for all, while adjusting it to a population ratio in the lower House. But the suggestion that this arrangement was merely a matter of convenience is not sustainable. When the Constitution was drafted many of the State legislatures already had senates formed on a geographical basis, regardless of population. And it was this arrangement that made the eventual equivalence of two Senators from each State in the Union not merely plausible but also logical. As Madison wrote, in No. 62 of the *Federalist*, " * * * in a compound republic, partaking both of the national and federal character, the government ought to be founded on a mixture of the principles of proportional and equal representation."

Nor is it convincing for the Court to say that there is no analogy between the Federal and State Governments, and therefore a State senate based on geographic considerations "is impermissible." The Constitution does not concern itself with the organization of State government, except to guarantee that in each case the form shall be "republican." But the record shows that the counties were generally regarded as having the same relation to the States as these would have to the General Government, with senates in both sovereignties serving as "an anchor against popular fluctuations." This is particularly emphasized in No. 63 of the *Federalist*, where Madison closes six arguments for a distinctive second chamber by saying: "It adds no small weight to all these considerations to recollect that history informs us of no long-lived republic which had not a Senate."

UNHEEDED ADVICE

Madison is discussing all legislative bodies, not just the U.S. Congress, when he argues for an upper house "distinct" and "dissimilar in genius" from the more numerically

representative legislative chamber. Then comes a passage that is poignant reading in connection with the Supreme Court's decision of June 15. "This [distinctive senate] is a precaution founded on such clear principles, and now so well understood in the United States, that it would be more than superfluous to enlarge on it."

Since the Founding Fathers are practically ignored, it is scarcely surprising that the Warren opinion pays no attention to the arguments of John Stuart Mill, in his classic essay on "Representative Government." In this, first published in 1861, the reasons for bicameral legislatures based on differing principles are set forth in universal terms. In a passage that might have been written for the Warren court, Mill says: "It is important that no set of persons should, in great affairs, be able even temporarily to make their *sic volo* (thus I wish) prevail without asking anyone else for his consent." He then argues that the most effective check on legislative blundering is provided when the second chamber is organized on a wholly different principle from that of its opposite number. "One being supposed democratic, the other will naturally be constituted with a view to its being some restraint upon the democracy."

That, of course, is the principle of check and balance underlying bicameralism in the State legislatures as well as in Congress. To strike at that principle in the case of the States is to injure it for the Nation as a whole. With tiresome statistical detail Chief Justice Warren emphasizes that in the Alabama State Senate "members representing 25.1 percent of the people of Alabama" can theoretically control that body. This the Court calls "invidious discrimination." But it is also true that Senators representing only 16.4 percent of the people of the United States form a majority of that body. What is invidious for 50 Capitoline geese can scarcely be admirable for the more august gander who cackles across the park from the Supreme Court's majestic home.

A final flaw in the reapportionment policy that has been ordered is that it can never be accurate. In its 1964 opinion the Court takes statistics from the 1960 census to show disparities. But population changes daily. The most meticulous reapportionment during the next few months would be outdated when made, and continuously more so until replaced after the 1970 census.

So the assumption that "dilution" of a vote is unconstitutional leads on to the unanswerable question: How much dilution? As population mounts it would appear that the condition of the country steadily deteriorates. In the first Congress no Member of the House represented more than 30,000 people. Currently, with many more Representatives, the average is one for approximately 425,000. The only way to stop this progressive "debasing" would be to cut off all immigration and then exactly equalize the numbers of births and deaths.

NOT A RIGHT BUT A PRIVILEGE

Reluctantly the Court concedes that "it may not be possible to draw congressional districts with mathematical precision." And this is fortunate, since if it were possible the most dangerous flaw in the argument might be concealed by feasibility. Representative Government, as Mill so cogently argued a century ago, is not a right but a privilege, successful only when voters are "willing and able to fulfill the duties and discharge the functions which it imposes on them." To emphasize his point Mill was intentionally provocative. He would exclude from the franchise not only the illiterate and incompetent but also all who receive any form of relief from public funds. He also advocated multiple voting by university graduates, on the dubious assumption that higher education would have improved their minds. "It is not useful, but hurtful, that the Constitu-

Digest of CONGRESSIONAL PROCEEDINGS

OFFICE OF
BUDGET AND FINANCE

(For information only;
should not be quoted
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OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE

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HIGHLIGHTS: Sen. Byrd, W. Va., spoke in support of Appalachia bill. Rep. Purcell inserted article reviewing civil defense activities in rural areas. Sen. Humphrey introduced and discussed measure to establish President's Advisory Staff on Scientific Information Management.

SENATE

1. PUBLIC LAW 480. Conferees were appointed on S. 2687, to extend the Public Law 480 program (pp. 21244-5). House conferees have already been appointed.
2. LANDS; ROADS AND TRAILS. The Interior and Insular Affairs Committee reported with amendment S. 3116, to establish a commission to develop plans for marking the route traversed by Louis and Clark from St. Louis to the Pacific Northwest (S. Rept. 1531). p. 21280
3. FOREIGN AID. Continued debate on amendments to H. R. 11380, the foreign aid authorization bill (pp. 21225-44, 21308-9). By a vote of 30 to 63, rejected the motion by Sen. Dirksen to invoke cloture and bring to a close further debate on the Dirksen-Mansfield reapportionment amendment (two-thirds of the Senators present and voting not having voted in the affirmative) (pp. 21225-36).
4. STOCKPILE; SISAL. The Armed Services Committee reported without amendment H. R. 12091, to authorize the disposal, without regard to the prescribed 6-month waiting period, of approximately 9,500,000 pounds of sisal from the national stockpile (S. Rept. 1537). p. 21280

5. APPALACHIA. Sen. Byrd, W. Va.; spoke in support of enactment of S. 2782, the proposed economic development program for the Appalachian region. pp. 21309-10
6. VIRGIN ISLANDS. The "Daily Digest" states that the Interior and Insular Affairs Committee "adopted a committee resolution approving recommendations and findings of fact submitted today by its Subcommittee on Territories and Insular Affairs in connection with the disposition of certain naval lands in the Virgin Islands." p. D762
7. ELECTRIFICATION. Received from the Administrator of REA a report on a loan of \$2,837,000 to the Northern Minnesota Power Assoc., Grand Rapids, Minn., to finance certain transmission facilities. p. 21280
8. WATER POLLUTION. Sen. Morse inserted an article on the dangers of water pollution, "Pollution -- Everybody's Fight." pp. 21305-6

HOUSE

9. WATERSHEDS. The Agriculture Committee approved work plans for the following watersheds: Willow Swamp, S. C.; Squirrel Creek, Okla.; Pennahatchee Creek, Ga.; Upper Tradewater River, Ky.; and Crooked Lake, Ark.; to Appropriation Committee. p. 21172
10. IOWA. Rep. Jensen urged location of industries in Iowa calling attention particularly to its plentiful water supply, farm products, and flood control systems. pp. 21176-7
11. HOLIDAY. Rep. Libonati commended a subcommittee of the Judiciary Committee for scheduling on his bill, H. R. 8189, to make October 12 a legal holiday honoring Columbus, and inserted his testimony before the subcommittee. p. 21218
12. ADJOURNED until Mon., Sept. 14. p. 21224

ITEMS IN APPENDIX

13. RURAL CIVIL DEFENSE. Extension of remarks of Rep. Purcell inserting an article stating that the possibility of a nuclear disaster puts a big "responsibility on agricultural agencies, farmers, and ranchers to feed people," and advising that this Department and its many agencies "already are actively engaged in rural defense." p. A4648
14. FARM PROGRAM. Extension of remarks of Rep. Purcell inserting his newsletter criticizing Sen. Goldwater's views on taxes in which he stated that the Senator's proposal would eliminate the "complete operations of the Department of Agriculture" and discontinue "all farm commodity programs." p. A4653
Rep. Rumsfield inserted his newsletter including comments on farm legislation. pp. A4654-5
15. SOIL CONSERVATION. Extension of remarks of Rep. Schwengle commending the Scott County, Iowa, contest for compilation of a workbook on soil conservation and inserting the statement of the winner. p. A4655
16. AREA REDEVELOPMENT. Extension of remarks of Rep. Talcott inserting an article critical of the Area Redevelopment Administration. pp. A 4661-2
17. LEGISLATIVE ACCOMPLISHMENTS. Reps. Marsh and Donohue inserted summaries of legislative accomplishments during the 88th Congress. pp. A4663-5, A4670-75

kind of void and vacuum we have in the rule book, there ought to be a rule on the subject. I think it is a reprehensible policy to make the private desks of U.S. Senators the depositories for propagandists from all over the country.

I am not criticizing the Senator from Illinois [Mr. DOUGLAS], because I did not know he was responsible for it, but I think there should clearly be some rule or precedent which would identify the source of the material placed on the desk of a U.S. Senator. I think the prevailing practice is carrying the technique of lobbying much too far.

The PRESIDING OFFICER. Let the Chair respond to the Senator from South Dakota that there is no written rule pertaining to this subject. Matters are placed on Senator's desks only at the request and under the jurisdiction of some Senator.

Mr. DOUGLAS. Mr. President, may I be heard?

Mr. DIRKSEN. Mr. President, I have the floor.

Mr. MUNDT. I had the floor on a reservation of the right to object.

Mr. DOUGLAS. I believe that taking the floor and yielding only to certain Senators who wish to speak is transgressing the courtesy of the floor.

Mr. DIRKSEN. The Senator can obtain the floor if he reserves the right to object.

Mr. DOUGLAS. I would like to clarify the matter which the Senator from South Dakota has raised. I would like to do that on my own right, and not by courtesy of any other Senator.

Mr. DIRKSEN. I am trying to get action.

Mr. MUNDT. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from South Dakota will state his parliamentary inquiry.

Mr. MUNDT. I should like to buttress my position by reading for the benefit of the Senate a letter published on the stationery of the United States Senate Committee on Rules and Administration, dated April 24, 1947, it being a letter signed by C. Wayland Brooks—another distinguished citizen of Illinois—at that time chairman of the Committee on Rules and Administration. The letter is as follows:

The Committee on Rules and Administration at its meeting on April 23, 1947, took up the problem presented by your letter—

This being a letter to Mr. Mark Trice—dated April 17, 1947, relating to the placing of articles, publications, and printed material on the individual desks of Senators in the Senate Chamber.

It is the opinion of the committee that only official Government documents, and articles or statistical information prepared by Senators relating to the subject under consideration by the Senate should be placed on the individual desks of Senators in the Senate Chamber and the committee suggests that such a policy be carried out.

I do not know whether this is considered a precedent, I do not know whether it is considered a Senate rule, but I think we ought to know about it, because this is a dangerous situation that

can come back to plague us all. I continue with the letter:

The committee is cognizant of the fact that the promulgation of a Senate standing rule on this specific subject would require the adoption by the Senate of a Senate resolution, and the committee is of the opinion that an attempt should be made to reestablish the rule of custom referred to in your letter of April 17, 1947, and that only official Government documents and articles or statistical information prepared by Senators relating to the subject under consideration by the Senate should be placed on the desks of Senators in the Senate Chamber.

In the event, after a trial, it is found impossible to enforce such a rule of custom without the existence of a formal standing rule of the Senate, it is suggested that the committee be advised and further consideration will be given to the problem.

Sincerely yours,

C. WAYLAND BROOKS,
Chairman, Committee on Rules and Administration.

If it is a custom to prevent this form of lobbying, I should like to inquire from the Parliamentarian if it is enforceable. If it is not enforceable, I again suggest that the Senate write a rule so that all Senators may be guided by the same code of ethics when it comes to the distribution of propaganda material on the desks of Senators.

The PRESIDING OFFICER. The Chair rules that is not a parliamentary inquiry. It is not the duty of the Chair to answer.

Mr. MUNDT. This then is a parliamentary inquiry. Is there an enforceable rule, practice, or custom prohibiting lobbyists from placing lobbying material unattributable to any Senator on the desks of Members of the Senate if some Senator asks a page to distribute the anonymous propaganda? That is a parliamentary inquiry.

The PRESIDING OFFICER. The Chair states to the Senator from South Dakota that there is no rule of the Senate on that matter.

Mr. MUNDT. Very well, there is no rule.

Is there an enforceable custom?

The PRESIDING OFFICER. As the Chair stated, there is a precedent, or the Senator can call it a custom—

Mr. MUNDT. I will take the Chair's word. Is there an enforceable precedent?

The PRESIDING OFFICER. The Chair does not know of any.

Mr. MUNDT. There not being any, no rule of precedent has been violated, but I think there should be such a rule. Otherwise, this is an invitation to every lobbyist in town to ask to have placed on the desk of Senators all the anonymous propaganda that lobbyists might induce a Senator to have distributed by pages of the Senate. It is wrong. I think when that is permitted it invades the sanctity of the Senate Chamber.

Mr. DOUGLAS. Mr. President, I understand that technically I can obtain the floor if I reserve the right to object.

Mr. DIRKSEN. Yes.

Mr. DOUGLAS. Mr. President, reserving the right to object, may I reply to the Senator from South Dakota? Since the three sheets which I asked

the pages to place on the desks of Senators have become a stimulant for the Senator from South Dakota's making the comments he made, may I say that this morning I asked the pages, through an assistant of mine, to distribute on the desks of Senators an editorial from the St. Louis Post-Dispatch for Tuesday, September 8, 1964, which I now ask unanimous consent to have made a part of the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

AGAINST THE CONSTITUTION

Senator EVERETT M. DIRKSEN intends to file a petition to shut off debate on his rider aimed at fair voting legislatures, at the Supreme Court, at judicial review and the Constitution itself. What follows should be a dramatic lesson in the workings of our Government.

For some weeks a small band of Senators has been filibustering against the Illinois Senator's rider to the foreign aid bill. Their numbers have grown, however, and it is no longer certain that Mr. DIRKSEN can find the two-thirds vote necessary for cloture.

The issue pits many who do not believe in the filibuster rule, but are now using it, against other Senators who traditionally uphold the filibuster, or at least the two-thirds rule that makes it difficult to overcome. In this case, the filibusters are right to use the weapon, and not just because it is there.

Certainly the two-thirds rule should be ended, because it encourages the kind of talkathon by which a minority can prevent any Senate action at all. But the rule should not be ended without establishing procedures to guarantee ample public hearings and ample debate. The cloture issue is essentially one of reasonable consideration versus unreasonable suffocation.

In the case of the Dirksen rider, consideration has been anything but reasonable. There were no committee hearings on it. The author jammed it into what he thought were the last days of the session, and tied it onto a foreign aid bill he thought the President could not veto. The technique was that of a rush job. And to what end?

The end is to overcome the Supreme Court's historic decision that both houses of State legislatures should be based on population. The Dirksen rider would require all Federal courts to stay at least until 1966 all orders to redistrict in line with this decision. In that time, the malapportionment forces hopes to press a constitutional amendment through the malapportionment legislatures, forever ending Federal court jurisdiction.

Even if the Dirksen rider were intended only as a temporary block to judicial authority, it would be highly objectionable. What it signifies is that Congress can tell the courts they cannot enforce the Constitution, temporarily or otherwise. The Supreme Court's decision is based on the 14th amendment requirement of equal protection of the laws. There is nothing equal in the voting laws of a State which allow 12 percent of its people to elect a majority in one house.

If Congress can thus limit court protection of one constitutional liberty, why cannot Congress limit others? Why can't it withdraw from court jurisdiction the defense of Negro voting rights, or of free speech, freedom of the press, property rights, fair trial or due process of law?

The path of the Dirksen proposal is the path of indirect amendment of the Constitution, which is the path the Dirksen forces have accused the Supreme Court of taking. More is involved here than the right of new urban majorities to be fairly represented in

rural-dominated legislatures. The Dirksen rider represents a ride against the power of judicial review and an independent judiciary. It is a legislative attack on the third branch of government and on the fundamental doctrine of separation of powers.

So serious is the nature of this issue that President Johnson, who has not spoken out on it publicly, should lend all his help to the embattled band of Senators trying to stave off the Dirksen challenge. The President is sworn to uphold the Constitution. The Constitution is deeply involved in the Senate struggle. It must be upheld.

Mr. DOUGLAS. Mr. President, I also asked to have distributed two tables or charts from the New York Times of Sunday, August 16 and June 21, 1964, respectively.

Since charts cannot be printed in the CONGRESSIONAL RECORD, but tables can be, may I say that the chart for August 16 classified States into three categories—States in which less than 20 percent of the voters elected more than a majority of State senators; those where the ratio was from 20 to 40 percent; and those where over 40 percent elected a majority.

While I do not wish to take the time of the Senate unnecessarily, let me point out that the chart illustrates that in Montana, Idaho, Nevada, California, Arizona, New Mexico, Florida, Maryland, New Jersey, and Rhode Island less than 20 percent of the voters elected a majority of members of the State senates.

In the State of Nevada, only 8 percent can elect a majority, in Arizona 12.8 percent, in New Mexico 14 percent, in Montana 16 percent, in California 11 percent, in Florida 15 percent, in Maryland 14 percent, and in Rhode Island 18 percent, can elect majorities of the State senates.

In the following States 20 to 40 percent of the voters can elect a majority of the State senates: Washington, 33.9 percent; North Dakota, 31.9 percent; South Dakota, 38.4 percent; Wyoming, 24.1 percent; Utah, 21.3 percent; Texas, 30.3 percent; Iowa, 38.9 percent; Illinois, 28.7 percent; Louisiana, 33 percent; Mississippi, 37.2 percent; Alabama, 27.6 percent; South Carolina, 23.2 percent; Connecticut, 32 percent.

In the remaining States between 40 and 50 percent of the population can elect majorities of the State senates.

I also included a chart which was printed in the New York Times for June 21 which gave the figures for the senates as of June and the figures for the lower houses as of June. Since June there have been some changes in the composition of the senates, but I think not too great changes in the composition of the houses.

As of June, in four States less than 20 percent of the population can elect majorities of the State lower house: Kansas 19.4 percent; Delaware, 18.5 percent; Connecticut, 12 percent; Vermont, 11.9 percent.

In the following States between 20 and 40 percent of the population can elect a majority of the lower house: Washington, 35.3 percent; Nevada, 29.1 percent; Utah, 33.3 percent; Texas 38.7 percent; South Dakota, 38.6 percent; Minnesota, 34.5 percent; Missouri, 20.3 percent; Oklahoma, 32.5 percent; Louisiana, 33.1

percent; Tennessee, 39 percent; Arkansas 33.3 percent; Alabama, 37.9 percent; Georgia, 22.2 percent; Florida, 29.6 percent; Illinois, 39.9 percent; North Carolina, 27 percent; Ohio, 29.4 percent; Maryland, 35.6 percent; New York 34.7 percent; and Maine, 39.7 percent.

Then there are States in which from 40 to 50 percent of the people elected a majority, in many cases it being close to 49 percent: Oregon, California, Idaho, Arizona, Montana, Wyoming, Colorado, New Mexico, North Dakota, Nebraska, Iowa, Wisconsin, Michigan, Indiana, Mississippi, Pennsylvania, Massachusetts, Rhode Island, West Virginia, Kentucky, Virginia, South Carolina, New Jersey, and New Hampshire.

Mr. President, I did not put 3 pounds of material on the desk of Senators. I placed these three very slender sheets there. I regard the statistical studies in the New York Times as completely accurate so far as one can tell. I regard the St. Louis Dispatch one of the great newspapers of the Nation. I am proud to place in the RECORD the editorial from the St. Louis Post-Dispatch. No outside person suggested that I do this. I did this completely on my own initiative. I am very glad to make this explanation.

EXTENSION OF AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 2687) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes, which was to strike out all after the enacting clause and insert:

That the Agricultural Trade Development and Assistance Act of 1954, as amended, is further amended as follows:

(1) Effective January 1, 1965, that part of Section 103(b) of such Act which precedes the colon is amended to read as follows: "Agreements shall not be entered into under this title during the period beginning January 1, 1965 and ending December 31, 1967 which will call for appropriations to reimburse the Commodity Credit Corporation in a total amount in excess of \$4,000,000,000 plus any amount by which agreements entered into in prior years have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such prior years by this Act as in effect during such years."

(2) Section 104 of such Act is amended by striking out in subsection (c) the word "military" and inserting after the words "common defense" the words "including internal security".

(3) Section 104 of such Act is amended by adding the following new subsection:

"(u) None of the foreign currencies generated under this Act shall be used to promote or to help promote, or to increase production of any farm commodity units of which shall have been exported from such country in the preceding calendar year, in competition with production in the United States."

(4) The first proviso at the end of section 104 of such Act is amended by striking out "to not less than 10 per centum of the foreign currencies which accrue under this title:" and substituting "effective with respect to agreements entered into during the period beginning January 1, 1965 and ending

December 31, 1967 to not less than 20 per centum in the aggregate of the foreign currencies which accrue under such agreements:".

(5) Section 107 of such Act is amended by adding at the end thereof the following: "For the purposes of titles I and IV of this Act, the term 'friendly nation' shall not include any country which permits ships or aircraft under its registry to transport to or from Cuba (excluding United States installations in Cuba) any equipment, materials, or commodities, so long as Cuba is governed by the Castro regime."

(6) Section 108 of such Act is amended by striking out the words "six months" and inserting in lieu thereof the word "year".

(7) Sections 109 and 204 of such Act are amended by striking out "1964" and substituting in lieu thereof "1967".

(8) Section 203 of such Act is amended by striking out "1961" and substituting "1965"; by striking out "1964" and substituting "1967"; by striking out "\$300,000,000", and substituting "\$450,000,000"; and by inserting after "charges for general average contributions arising out of the ocean transport of commodities transferred pursuant hereto" the following: "or donated under said section 416, section 308 of this Act or section 9 of the Act of September 6, 1958."

(9) Section 203 of the Act is amended by inserting after the third sentence of said section the following new sentence: "In addition to other funds available for such purposes under any other Act, funds made available under this title may be used to purchase foreign currencies accruing under title I in order to meet costs (except the personnel and administrative costs of cooperating sponsors, distributing agencies, and recipient agencies, and the costs of construction or maintenance of any church owned or operated edifice or any other edifices to be used for sectarian purposes) designed to assure that commodities made available under this title or under title III are used to carry out more effectively the purposes for which such commodities are made available or to promote community and other self-help activities designed to alleviate the causes of the need for such assistance: *Provided, however*, That such funds shall be used only to supplement and not substitute for, funds normally available for such purposes from other non-United States Government sources," and by inserting after the word "costs" in the last sentence the words "or for the purchase of foreign currencies".

(10) Section 101 of such Act is amended by striking out in subsection (f) the words "from the government or agencies thereof" and further by striking the period at the end of subsection (f) and adding the following: ", and which are not less favorable than the highest of exchange rates obtainable by any other nation."

(11) The President is directed that no funds under this Act shall be spent in any country unless he finds such country is not (a) an aggressor, in a military sense, against any country having diplomatic relations with the United States, or (b) using funds, of any sort, from the United States for purposes inimical to the foreign policies of the United States.

(12) Section 107 of such Act is amended by striking the phrase "(2) any nation or area dominated or controlled by the foreign government or foreign organization controlling the World Communist movement," and insert in lieu thereof the phrase "(2) any nation or area dominated or controlled by a Communist government or by the world Communist movement."

SEC. 2. Subsection (b) of section 612 of the Foreign Assistance Act of 1961, as amended, is amended (1) by redesignating it as subsection (t) of section 104 of the Agricultural Trade Development and Assistance Act of 1954, as amended.

(2) By striking "this Act" and substituting "the Foreign Assistance Act of 1961, as amended."

(3) By changing the period at the end of the subsection to a comma and adding "except that in the case of any such foreign currencies acquired through operations under title I of the Agricultural Trade Development and Assistance Act of 1954, as amended, the United States dollars received from the sale of such foreign currencies shall be deposited to the account of the Commodity Credit Corporation and shall be treated as a reimbursement to Commodity Credit Corporation under section 105 of this Act."

SEC. 3. Section 416 of the Agricultural Act of 1949, as amended, is amended by adding the following at the end of such section: "The assistance to needy persons provided in (4) above shall, insofar as practicable, be directed toward community and other self-help activities designed to alleviate the causes of the need for such assistance."

Mr. ELLENDER. Mr. President, I move that the Senate disagree to the amendments of the House and request a conference with the House thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. ELLENDER, Mr. JOHNSTON, Mr. HOLLAND, Mr. EASTLAND, Mr. TALMADGE, Mr. AIKEN, Mr. YOUNG of North Dakota, and Mr. HICKENLOOPER conferees on the part of the Senate.

DISTRICT OF COLUMBIA STADIUM CONTRACT

Mr. DIRKSEN. Mr. President, I modify my unanimous-consent request. I ask unanimous consent that the pending business be temporarily laid aside and that Senate Resolution 367 be made the pending business.

The PRESIDING OFFICER. The resolution will be stated.

The resolution (S. Res. 367) authorizing and directing the Committee on Rules and Administration to reopen the study and investigation begun under the authority of Senate Resolution 212, a resolution to inquire into the financial or business interests of any officer, employee, or former employee of the Senate, was read, as follows:

Resolved, That the Committee on Rules and Administration or any duly authorized subcommittee thereof is hereby authorized and directed to reopen the study and investigation begun under the authority of S. Res. 212, a resolution to inquire into the financial or business interests of any officer, employee, or former employee of the Senate.

Resolved further, That the study and investigation authorized by this resolution is directed to give particular emphasis to the allegations raised in connection with the construction of the District of Columbia Stadium and matters related thereto.

Resolved further, That in the conduct of this investigation the committee is directed to cooperate to the fullest extent possible with the Federal Bureau of Investigation, the government of the District of Columbia, and any other agency having jurisdiction of the subject matter.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

Mr. MANSFIELD. Mr. President, I have very little to say about the resolution, and much of what I shall say about it was said on yesterday.

As a result of the charges made on the floor of the Senate early last week by the distinguished senior Senator from Delaware [Mr. WILLIAMS], a promise was made to him and to the Senate at that time that this matter would be brought before the Democratic Policy Committee. That promise was kept. The Democratic Policy Committee met yesterday, and it unanimously agreed to the sense of the resolution, which is now the pending business.

That is all there is to it. There is nothing for me to say except that we have acted, we have made a proposal, and I hope we can shortly come to the adoption of this resolution or some other resolution.

Mr. WILLIAMS of Delaware. Mr. President, the Senator from Montana has stated the situation accurately.

After presenting my statement on the floor last week, I conferred with the Senator from Montana and the minority leader, the Senator from Illinois, and I told them that under the circumstances I felt that the Senate had no choice other than to proceed to reopen the Baker investigation, not only as it related to this particular case but also as it related to the many other matters that were left hanging as a result of the previously incomplete investigation.

The Senator from Montana wished to confer with the Democratic Policy Committee. I told him I would wait and not offer a resolution until after he had had an opportunity to do so. I thought it was a reasonable request on his part.

I appreciate his taking this question up with his policy committee.

While I am glad that they recognize the fact that something must be done, I must say that I am disappointed in the proposal that the matter be referred to the same Committee on Rules and Administration which had gone over this case once before and refused to call witnesses whom it would have been necessary to call in order to establish all the facts in the case.

This is the same committee which was alerted some time back to the fact that there was a suspicion—at that time only a suspicion—that there had been an overpayment by Mr. McCloskey on the amount that was actually due for the performance bond; yet it failed to act.

Mr. MUNDT. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. MUNDT. Whatever the Senator has in mind, it is certainly important to the Senate. The majority leader has a resolution which he feels will be a solution to this matter, and I understand that the Senator from Delaware has a substitute. I see no reason for discussing a matter of this magnitude in an empty chamber. Therefore, Mr. President, I suggest the absence of a quorum, and I ask that it be a live quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

[No. 566 Leg.]

Alken	Gruening	Moss
Allott	Hart	Murdt
Anderson	Hartke	Muskie
Bayh	Hayden	Nelson
Beall	Hickenlooper	Neuberger
Bennett	Holland	Pastore
Bible	Hruska	Pearson
Boggs	Humphrey	Pell
Brewster	Inouye	Prouty
Burdick	Javits	Proxmire
Byrd, Va.	Johnston	Randolph
Byrd, W. Va.	Jordan, N.C.	Ribicoff
Cannon	Jordan, Idaho	Robertson
Carlson	Keating	Sallinger
Case	Kuchel	Saltonstall
Church	Lausche	Scott
Cooper	Long, Mo.	Simpson
Cotton	Magnuson	Smathers
Curtis	Mansfield	Smith
Dirksen	McCarthy	Sparkman
Dodd	McClellan	Stennis
Dominick	McGovern	Symington
Douglas	McIntyre	Thurmond
Eastland	McNamara	Tower
Edmondson	Mechem	Walters
Ellender	Metcalf	Williams, N.J.
Ervin	Miller	Williams, Del.
Fong	Monroney	Young, N. Dak.
Fulbright	Morse	
Gore	Morton	

The PRESIDING OFFICER. A quorum is present.

The question is on agreeing to the resolution of the Senator from Montana [Mr. MANSFIELD].

Mr. WILLIAMS of Delaware. Mr. President, I call up my amendment No. 1265, which I am offering in the nature of a substitute to the so-called Mansfield resolution and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

Resolved, That S. Res. 278, Eighty-eighth Congress, agreed to February 10, 1964, is amended by renumbering sections 4, 5, and 6 as sections 5, 6, and 7, respectively, and by inserting after section 3 a new section 4 as follows:

"SEC. 4. The Committee on Government Operations, or any duly authorized subcommittee thereof, is authorized and directed, through January 31, 1965, to make a full and complete study and investigation with respect to—

"(1) all matters relating to the construction of the District of Columbia Stadium, or any other Government building or facility, (A) for the purpose of ascertaining whether any such matter has involved fraud, misfeasance, malfeasance, collusion, mismanagement, incompetence, corrupt or unethical practices, waste, extravagance, conflicts of interest, improper expenditure of Government funds, kickbacks or other improper payments (including political contributions), tax evasion, or any violation of law or other impropriety of any kind, on the part of or involving any Member or former Member of the Senate, any officer or employee or former officer or employee of the Senate, any other officer or employee or former officer or employee of the Government (including the municipal government of the District of Columbia), any party to a contract or subcontract relating to the construction of the District of Columbia Stadium or other Government building or facility, or any officer, employee, or agent of any such party, and (B) for the purpose of ascertaining whether any changes are required in the laws of the United States relating to any of the foregoing; and

"(2) any financial or business interests or activities, or any other activities, on the

part of or involving any Member or former Member of the Senate, any officer or employee or former officer or employee of the Senate, or any other officer or employee or former officer or employee of the Government who is employed or was formerly employed in either of the Senate Office Buildings or in the Senate wing of the Capitol, for the purpose of ascertaining (A) whether any such interests or activities have involved any violation of law, any conflict of interest, or any other impropriety of any kind, or have reflected unfavorably on the integrity of the Senate, and (B) whether additional laws, rules, or regulations are necessary or desirable for the purpose of prohibiting or restricting any such interests or activities."

Mr. WILLIAMS of Delaware. Mr. President, I ask for the yeas and nays. The yeas and nays were ordered.

Mr. WILLIAMS of Delaware. Mr. President, I shall be brief, because I know that the Senator from Montana wishes to leave. I shall confine my remarks to a few minutes.

The issue is simple. It is generally agreed by all Senators that the investigation should be reopened. The question is whether it should be done by the Committee on Rules and Administration, which previously conducted an investigation into some of the phases of this operation, or whether it should go to the Senate Committee on Government Operations.

The majority leader himself, in colloquy last Tuesday, suggested that we should consider giving this investigation to the Government Operations Committee since the other committee had completed its work in this direction.

I agreed with him. This resolution, has, therefore, been drawn up with that understanding.

I realize that the Senator from Arkansas [Mr. McCLELLAN] would rather not conduct the investigation. I respect his position; nevertheless, knowing the Senator as I do, if the Senate decides to adopt the amendment there is no doubt in my mind that he will hold the investigation and pursue it to its end, regardless of where it may lead. In fact, the Senator from Arkansas [Mr. McCLELLAN] has made the statement that he would do so.

The reason I believe it is far more appropriate for the Government Operations Committee to conduct the investigation is that in the proposal we would only need to amend the existing authority of the Government Operations Committee. This committee is a standing committee of the Senate already set up to conduct such investigations. It has a full staff. It could proceed immediately without any further authorization or the hiring of any additional personnel. In fact, it could start tomorrow morning.

Some of the charges do involve problems which should by all lines of reasoning go before this committee—questions as to the propriety of the handling of Government contracts and whether there have been overpayments on those contracts in order that such overpayments could be used as payoffs or as contributions to a political party.

These are rather serious suggestions and charges, and, therefore, I believe that the Senate must investigate them.

Such an investigation should certainly go to a committee in which the whole country and the Senate have the utmost confidence—namely, the Government Operations Committee, under the chairmanship of the distinguished Senator from Arkansas [Mr. McCLELLAN].

I hope that this resolution will be adopted and that we can reopen this investigation and pursue it in whatever direction it may lead.

The issue is clear. It is merely a choice of how we wish to proceed.

Mr. CURTIS. Mr. President, will the Senator from Delaware yield?

Mr. WILLIAMS of Delaware. I am glad to yield to the Senator from Nebraska.

Mr. CURTIS. Mr. President, late yesterday afternoon I spoke on this subject briefly.

I favor the Williams resolution. I believe that this investigation should be conducted by the Government Operations Committee.

I shall be brief. The Rules Committee, for all practical purposes, disbanded its staff. Early in July, the Rules Committee asked for continuing authority to investigate wrongdoing. On a ye-and-nay vote the Senate turned the committee down.

On another occasion, the Rules Committee brought in a disclosure act as a part of its remedy to the situation. On another ye-and-nay vote, the Senate repudiated the Rules Committee a second time.

There are six majority members and three minority members on that committee. The membership has not changed since it had this matter before it.

On the issue as to whether to call Mr. Matthew McCloskey, there were six votes against calling him and three votes for, the same as the vote on calling every other witness requested by the minority.

On two rollcalls, the Senate expressed an unwillingness to approve what the majority of the Committee on Rules and Administration had done.

I realize that this will be an unpleasant task for whoever gets it. In taking this position, I am in the peculiar position of serving on both committees. I want it known that in this fight for a full exposure, the distinguished Senator from Pennsylvania [Mr. SCOTT], and the distinguished Senator from Kentucky [Mr. COOPER] have stood firmly for a full and complete investigation. They will do a good job if the investigation goes to the Committee on Rules and Administration. But the majority of the Committee on Rules and Administration has refused to investigate the matter.

Mr. President, while I have the floor, I should like very much to speak on another matter. But the Senate should proceed with this vote. If it is in order, I should like to ask unanimous consent that after the completion of the rollcall on the Williams substitute, I may be recognized and permitted to continue my remarks.

Mr. CASE. Mr. President, reserving the right to object, would the Senator mind waiting until the entire matter is

completed before he goes into the extraneous matter?

Mr. CURTIS. I have been trying to obtain the floor. I have the floor now. And I could proceed if I wished.

The PRESIDING OFFICER. Is there objection? The Chair hears none.

Mr. McCLELLAN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. McCLELLAN. What is the request?

The PRESIDING OFFICER. The request is that the Senator from Nebraska [Mr. CURTIS] may be permitted to yield the floor for the rollcall and then be recognized afterward to speak on another matter.

Mr. McCLELLAN. That does not mean an immediate rollcall. I have no objection, if the Senator from Nebraska yields the floor on this matter.

Mr. MANSFIELD. Mr. President, the distinguished Senator from Delaware [Mr. WILLIAMS] has said that this issue is pretty clearcut. The question is whether it should go to the Committee on Rules and Administration or the Committee on Government Operations.

Prior to meeting with the Democratic policy committee yesterday, I discussed various possibilities with Senators on this side of the aisle. The general opinion seemed to be that the logical committee to handle this matter, in view of the responsibilities involved, is the Committee on Rules and Administration.

Therefore, when the Democratic policy committee met, the question was raised again. It was the unanimous opinion of that committee that a resolution directing the Committee on Rules and Administration to resume its investigation and specifically pinpointing what should be done, should be introduced on the basis of the allegations made by the distinguished Senator from Delaware [Mr. WILLIAMS].

This is not intended to take the place of the Federal Bureau of Investigation. We think that both investigations can proceed simultaneously. We believe that what the FBI is able to discover will be of great help to the committee.

Therefore, in accord with the wishes of the distinguished Senator from Delaware [Mr. WILLIAMS], I hope that we can reach a vote shortly. And I hope that the Senate will uphold the action taken by the Democratic policy committee, vote for Senate Resolution 367, and vote to defeat the amendment offered by the distinguished Senator from Delaware in the nature of a substitute.

Mr. WILLIAMS of Delaware. Mr. President, I, too, hope that the Senate can soon vote on this proposal. I shall not delay the Senate, but I feel very strongly that if we want to do the job right we should turn it over to a committee which has a staff and which is equipped to do the job.

We cannot escape the fact that the particular incident which brought this whole question back into discussion today was the question of there having been an overpayment by Mr. McCloskey on the amount that was actually due on the performance bond. This allegation

Digest of CONGRESSIONAL PROCEEDINGS

OFFICE OF
BUDGET AND FINANCE

(For information only;
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OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE

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Sept. 22, 1964

88th - 2nd; No. 182

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HIGHLIGHTS: House passed supplemental appropriation bill. House received conference report on Public Law 480 bill. Rep. Findley charged USDA dumping wheat. Senate received supplemental appropriation estimate. Sen. McGovern commended and inserted Sen. Humphrey's speech on agriculture.

HOUSE

1. SUPPLEMENTAL APPROPRIATIONS. By a vote of 208 to 103, passed with an amendment H. R. 12633, the supplemental appropriation bill for 1965 (pp. 21724-39). By a vote of 28 to 57, rejected an amendment by Rep. Jensen which would have reduced the appropriation for the Economic Opportunity Program by \$75 million (pp. 21736-7). See Digest 178 for a summary table of items of this Department. The bill also includes \$650,000 for the National Commission on Technology, Automation, and Economic Progress, and \$1,400,000 for the Department of the Interior for water resources research.
2. PUBLIC LAW 480. Received the conference report on S. 2687, to extend the Public Law 480 program (H. Rept. 1897)(pp. 21756-8). As reported from conference, the bill includes provisions as follows: Extends title I for two years through 1966 with an authorization of \$2.7 billion plus carryover. Extends title II for two years with an annual

authorization of \$400 million plus carryover. Excludes from the definition of "friendly nation" for the purposes of title I programs any country which permits ships or aircraft under its registry to transport materials or commodities to or from Cuba. Authorizes the use of CCC funds up to \$7.5 million per year under title II to purchase title I foreign currencies for use on self-help activities designed to alleviate the causes of need for assistance. Prohibits sales under Public Law 480 to countries the President finds to be aggressors against friendly nations or uses U. S. funds for this purpose. Redefines "friendly nation" so as to exclude from title I programs any nation controlled by a Communist government. Requires that foreign currencies obtained from sales under title I be converted to dollars to the extent consistent with purposes of the act. Prohibits payment by CCC of ocean freight charges on title I shipments under agreements made after Dec. 31, 1964, except to the extent of the differential required as a result of cargo preference where the U. S.-flag vessel rate extends foreign vessel rates. Requires that expenditures under Public Law 480 be classified for purposes of budget presentation as expenditures for international affairs and finance. Removes the ceiling on foreign currencies reserved for loans to private business and provides that such currency shall be made available to the maximum usable extent. Establishes an advisory committee to review the status and usage of foreign currencies, the maximum return from sales under title I, and to make recommendations to the President, including recommendations for improving the act and its administration. Requires that no grant other than for military purposes or no use other than through the appropriations process, of any repayment of principal or interest from loans under title I, may be made unless each proposal is submitted to the House and Senate Agriculture Committees and such committees are given 30 days when Congress is in session, or 60 days when Congress is not in session, in which to express disapproval of the proposal, and then only if neither of the committees disapproves. Requires that title I loans bear interest at not less than the cost of funds to the U. S. Makes the minimum interest rate provided by law for Development Loan Fund loans the minimum rate for interest on sale of surplus commodities for dollar credit under Title IV. Directs CCC to sell extra long staple cotton determined by the Secretary of Agriculture to be surplus at competitive world prices.

3. ROADS AND TRAILS. Passed as reported H. R. 12289, to establish a committee to develop plans for marking the route traversed by Lewis and Clark from St. Louis to the Pacific Northwest. pp. 21722-4
4. PERSONNEL. Passed over without prejudice H. R. 3800, to authorize the waiver of collection of certain erroneous payments made to certain civilian and military personnel. p. 21722
- The Post Office and Civil Service Committee reported with amendment, H. R. 2155, to amend the Civil Service Retirement Act so as to provide annuities for surviving spouses without deduction from original annuities (H. Rept. 1896). p. 21777
5. LAND. Passed over without prejudice H. R. 5406, to authorize the Secretary of Agriculture to cooperate with States and other public agencies in planning for changes in the use of agricultural land in rapidly expanding urban areas and in other non-agricultural use areas. p. 21722

PUBLIC LAW 480 EXTENSION

SEPTEMBER 22, 1964.—Ordered to be printed

Mr. COOLEY, from the committee of conferees, submitted the following

CONFERENCE REPORT

[To accompany S. 2687]

The committee of conferees on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2687) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following:

That the Agricultural Trade Development and Assistance Act of 1954, as amended, is further amended as follows:

(1) *Section 101 of such Act is amended by striking out in subsection (f) the words "from the government or agencies thereof" and further by striking the period at the end of subsection (f) and adding the following: "; and which are not less favorable than the highest of exchange rates obtainable by any other nation."*

(2) *Section 101 of such Act is amended by adding at the end thereof the following new subsection:*

"(g) require such foreign currencies to be convertible to dollars to the extent consistent with the effectuation of the purpose of this Act, but in any event to the extent necessary to permit that portion of such currencies made available for payment of United States obligations to be used to meet obligations or charges payable by the United States or any of its agencies to the government of the importing country or any of its agencies."

(3) *Section 102(a) of such Act is amended by adding at the end thereof the following: "The Commodity Credit Corporation shall finance ocean freight charges incurred pursuant to agreements entered into after December 31, 1964, only to the extent that such charges are higher (than would*

otherwise be the case) by reason of a requirement that the commodities be transported in United States flag vessels. Such agreements shall require the balance of such charges for transportation in United States vessels to be paid in dollars by the nations or organizations with whom such agreements are entered into."

(4) Section 103(a) of such Act is amended by adding at the end thereof the following: "In presenting his budget, the President shall classify expenditures under this Act as expenditures for international affairs and finance rather than for agriculture and agricultural resources."

(5) Effective January 1, 1965, section 103(b) of such Act is amended to read as follows:

"(b) Agreements shall not be entered into under this title during the period beginning January 1, 1965, and ending December 31, 1966, which will call for appropriations to reimburse the Commodity Credit Corporation in a total amount in excess of \$2,700,000,000 plus any amount by which agreements entered into in prior years have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such prior years by this Act as in effect during such years: Provided, That agreements shall not be entered into during any calendar year of such period which will call for appropriations to reimburse the Commodity Credit Corporation in amounts in excess of \$2,500,000,000."

(6) Section 104 of such Act is amended by striking out in subsection (c) the word "military" and inserting after the words "common defense" the words "including internal security".

(7) Section 104 of such Act is amended by striking from subsection (e) the words "not more than 25 per centum of the currencies received pursuant to each such agreement shall be available" and substituting "currencies shall also be available to the maximum usable extent."

(8) Section 104 is amended by adding at the end thereof the following:

"There is hereby established an advisory committee composed of the Secretary of Agriculture, the Director of the Bureau of the Budget, the Administrator of the Agency for International Development, the chairman and the ranking minority member of the House Committee on Agriculture, and the chairman and the ranking minority member of the Senate Committee on Agriculture and Forestry. Such Committee shall review from time to time the status and usage of foreign currencies which accrue under this title, and shall make recommendations to the President as to ways and means of assuring to the United States (1) the maximum benefit from the use of such currencies, making special reference to any such currencies which are excess to the normal requirements of United States agencies, and (2) the maximum return from sales made under this title. Such Committee shall make such other recommendations for improving this Act and its administration as such Committee may deem fit.

"The committee shall be consulted with respect to: (1) policies relating to (a) loans under subsections (e) and (g) hereof, (b) the degree of convertibility to be required under section 101(g), and (c) the amount of currency to be reserved in sales agreements for loans to private industry under subsection (e) hereof; and (2) each proposal to establish an interest rate for dollar sales under title IV higher than the minimum provided in section 403.

"No agreement or proposal to grant any foreign currencies (except as provided in subsection (c) of this section), or to use (except pursuant to appropriation Act) any principal or interest from loan repayments under

this section, shall be entered into or carried out until the expiration of thirty days following the date on which such agreement or proposal is transmitted by the President to the Senate Committee on Agriculture and Forestry and to the House Committee on Agriculture, if transmitted while Congress is in session, or sixty days following the date of transmittal if transmitted while Congress is not in session and then only if, between the date of transmittal and the expiration of such period there has not been passed by either of the two Committees a resolution stating in substance that that Committee does not favor such agreement or proposal."

(9) The first proviso at the end of section 104 of such Act is amended by striking out the colon at the end thereof and inserting "pursuant to agreements entered into on or before December 31, 1964 and to not less than 20 per centum in the aggregate of the foreign currencies which accrue pursuant to agreements entered into thereafter:".

(10) Section 104 of such Act is amended by adding at the end thereof the following: "Any loan made under the authority of this section shall bear interest at such rate as the President may determine but not less than the cost of funds to the United States Treasury, taking into consideration the current average market yields on outstanding marketable obligations of the United States having maturity comparable to the maturity of such loans, unless the President shall in specific instances upon the recommendation of the advisory committee herein established designate a different rate."

(11) Section 107 of such Act is amended by inserting before the period at the end thereof a comma and the following: "or (3) for the purpose only of title I any nation or area dominated or controlled by a Communist government, or (4) for the purpose only of title I any nation which permits ships or aircraft under its registry to transport to or from Cuba (excluding United States installations in Cuba) any equipment, materials, or commodities, so long as Cuba is governed by the Castro regime. Notwithstanding any other Act, the President is authorized to enter into agreements for the sale of surplus agricultural commodities for dollars under title IV with nations which fall within the definition of 'friendly nation' for the purpose of that title. In the case of any such agreement which would be prohibited by any other Act but for the foregoing sentence the maximum payment period shall be five years, instead of twenty years."

"The President is directed that no sales under this Act shall be made with any country if he finds such country is (a) an aggressor, in a military sense, against any country having diplomatic relations with the United States, or (b) using funds, of any sort, from the United States for purposes inimical to the foreign policies of the United States".

(12) Section 108 of such Act is amended by striking out the words "six months" and inserting in lieu thereof the word "year".

(13) Section 203 of such Act is amended (i) by striking out "1961" and substituting "1965"; (ii) by striking out "1964" and substituting "1966"; (iii) by striking out "\$300,000,000", and substituting "\$400,000,000"; and (iv) by inserting after "charges for general average contributions arising out of the ocean transport of commodities transferred pursuant hereto" the following: "or donated under said section 416, section 308 of this Act or section 9 of the Act of September 6, 1958 (72 Stat. 1790)". Clauses (i), (ii), and (iii) hereof shall not become effective until January 1, 1965.

(14) Section 203 of the Act is amended by inserting after the third sentence of said section the following new sentence: "In addition to other funds available for such purposes under any other Act, funds made avail-

able under this title may be used in an amount not exceeding \$7,500,000 annually to purchase foreign currencies accruing under title I in order to meet costs (except the personnel and administrative costs of cooperating sponsors, distributing agencies, and recipient agencies, and the costs of construction or maintenance of any church owned or operated edifice or any other edifices to be used for sectarian purposes) designed to assure that commodities made available under this title or under title III are used to carry out more effectively the purposes for which such commodities are made available or to promote community and other self-help activities designed to alleviate the causes of the need for such assistance: Provided, however, That such funds shall be used only to supplement and not substitute for, funds normally available for such purposes from other non-United States Government sources.”; and by inserting after the word “costs” in the last sentence the words “or for the purchase of foreign currencies”.

(15) Sections 109 and 204 of such Act are amended by striking out “1964” and inserting “1966”.

(16) Clause (1) of section 304(a) of such Act is amended by inserting after the words “Union of Soviet Socialist Republics” the words “or the Communist regime in China”.

(17) The first sentence of section 403 of such Act is amended to read as follows: “Payment for such commodities shall be in dollars with interest at such rate as the Secretary may determine but not less than the minimum rate required by section 201 of the Foreign Assistance Act of 1961 for loans made under that section.”

SEC. 2. Subsection (b) of section 612 of the Foreign Assistance Act of 1961, as amended, is amended (1) by redesignating it as subsection (t) of section 104 of the Agricultural Trade Development and Assistance Act of 1954, as amended.

(2) By inserting after the subsection designation the following: “For sale to United States citizens as provided herein.”;

(3) By striking “this Act” and substituting “the Foreign Assistance Act of 1961, as amended.”;

(4) By changing the period at the end of the subsection to a comma and adding “except that in the case of any such foreign currencies acquired through operations under title I of the Agricultural Trade Development and Assistance Act of 1954, as amended, the United States dollars received from the sale of such foreign currencies shall be deposited to the account of the Commodity Credit Corporation and shall be treated as a reimbursement to Commodity Credit Corporation under section 105 of this Act.”

SEC. 3. Notwithstanding any other provision of law, the Commodity Credit Corporation, in order to encourage exports of extra long staple cotton which is in surplus supply at competitive world prices, is directed to offer for sale, whenever extra long staple cotton is in surplus supply, any extra long staple cotton owned by it (except stocks released from the stockpile established pursuant to the Strategic and Critical Materials Stock Piling Act, as amended) at prices not in excess of the prices at which cotton of comparable quality is being offered by other exporting countries, on condition that such cotton be exported or that an equal quantity of extra long staple cotton will be exported within the period specified by the Secretary of Agriculture. The Commodity Credit Corporation may accept bids in excess of the maximum prices specified herein but shall not reject bids at such maximum prices unless a higher

bid is received for the same cotton. The Secretary of Agriculture shall make a determination of the amount, if any, of extra long staple cotton which is in surplus supply for the 1964-65 marketing year not later than thirty days after the effective date of this section and for each succeeding marketing year not later than thirty days prior to the beginning of each such marketing year. Extra long staple cotton shall be deemed to be in surplus supply whenever the Secretary of Agriculture determines that the total supply of such cotton (under the formula for determining the "Total supply" of cotton specified in Section 301(b)(16)(C) of the Agricultural Adjustment Act of 1938, as amended, but not including cotton released from such stockpile) is in excess of estimated domestic consumption and estimated exports of such cotton excluding estimated exports made under the authority of this section, plus an allowance for carryover equal to fifty per centum of such estimated consumption and exports. Exports hereunder shall be excluded in making any determination with respect to national marketing quotas under the Agricultural Adjustment Act of 1938, as amended. Nothing herein shall preclude the Corporation from accepting bids which may be made at higher than world prices.

SEC. 4. Section 416 of the Agricultural Act of 1949, as amended, is amended by adding the following at the end of such section: "The assistance to needy persons provided in (4) above shall, insofar as practicable, be directed toward community and other self-help activities designed to alleviate the causes of the need for such assistance."

And the House agree to the same.

HAROLD D. COOLEY,
W. R. POAGE,
D. R. MATTHEWS,
CHARLES B. HOEVEN,
PAUL B. DAGUE,
Managers on the Part of the House.

ALLEN J. ELLENDER, ✓
OLIN D. JOHNSTON,
SPESSARD L. HOLLAND,
JAMES O. EASTLAND,
HERMAN E. TALMADGE,
GEORGE D. AIKEN,
MILTON R. YOUNG,
BOURKE B. HICKENLOOPER,
Managers on the Part of the Senate.

STATEMENT OF MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill S. 2687, to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report.

The House amendment struck out all after the enacting clause of the Senate bill and substituted the language of H.R. 12298 as passed by the House. Following are the substantive differences between the House amendment and the substitute amendment agreed to by the conferees:

(1) The House amendment provided for a 3-year extension of title I with an authorization for the 3 years of \$4 billion plus carryover. The substitute will extend title I for 2 calendar years (through 1966) with an authorization of \$2.7 billion plus carryover.

(2) The House amendment extended title II for 3 years with an annual authorization of \$450 million plus carryover. The substitute will extend title II for 2 years with an annual authorization of \$400 million plus carryover.

(3) The House amendment prohibited the use of foreign currencies to "promote or help promote, or increase production of any farm commodity" exported from such country during the preceding year in competition with U.S. production. This provision is omitted from the conference substitute.

(4) House amendment excluded from the definition of "friendly nation" for the purposes of titles I and IV any country which permits ships or aircraft under its registry to transport materials or commodities to or from Castro Cuba. The conference substitute limits this provision to title I. It is combined with other related restrictions in section 1(11) of the conference substitute.

(5) The House amendment authorized the use of CCC funds under title II to purchase title I foreign currencies for use on self-help activities designed to alleviate the causes of the need for assistance. The conference substitute limits operations under this provision to \$7.5 million per year.

(6) The House amendment prohibited use of funds under "this Act" in any country unless the President finds that such country is not an aggressor and not using U.S. funds for purposes inimical to the United States. The conference substitute prohibits sales under Public Law 480 to countries the President finds to be such aggressors or so using U.S. funds. This provision also is consolidated into the amendment of section 107 of the act set out in section 1(11) of the conference substitute.

(7) The House amendment redefined "friendly nation" to exclude any nation controlled by a Communist government, whether or not

controlled by the organization controlling the world Communist movement. The conference substitute limits this provision to title I sales for foreign currency.

Under the conference substitute sales for foreign currency will be prohibited to countries which do not come under the new definition of "friendly nation" or which have ships or airplanes under their registry carrying on trade with Cuba. The substitute will permit dollar sales for credit of U.S. surpluses under title IV with only those countries presently defined as "friendly nations," and in the case of any country which has not heretofore been eligible for such dollar sales, will limit the credit period to 5 years. In the case of Poland, the conference substitute will prohibit the making of any further sale of surpluses for Polish currency, but will permit the sale of surpluses for dollars under credit extending up to 5 years. The conference substitute prohibits sales of any kind under Public Law 480 to any country which the President determines to be an aggressor or to be using U.S. funds in a manner inimical to U.S. interest. It does not in any way enlarge the definition of "friendly nations" and continues all prohibitions in Public Law 480 against sales to Communist-bloc nations.

The conference substitute contains the following provisions which were not in the House amendment:

(1) A requirement that foreign currencies obtained from the sale of surpluses from title I be convertible to dollars to the extent consistent with the purposes of the act. It requires that there should be convertibility to the extent necessary to permit payment of U.S. obligations to the government of the importing country or any of its agencies.

(2) The conference substitute prohibits the payment by Commodity Credit Corporation of ocean freight charges on title I shipments under agreements made after December 31, 1964, except to the extent of the differential required as a result of cargo preference where the U.S.-flag vessel rate exceeds foreign vessel rates. This provision further requires that title I agreements will require the importing country to pay the balance of U.S.-flag vessel freight in dollars. This amendment will change only the financing of ocean freight charges up to the world market rate. However, no change is made in the implementation of the cargo preference laws and, except for such financing, the Commodity Credit Corporation may continue to facilitate commercial arrangements for payment of the full ocean freight charges.

(3) The conference substitute requires expenditures under Public Law 480 to be classified for purposes of budget presentation as expenditures for international affairs and finance.

(4) The conference substitute removes the ceiling on foreign currencies reserved for loans to private business and provides that such currency shall be made available to the maximum usable extent.

(5) The conference substitute establishes an advisory committee to "review from time to time the status and usage of foreign currencies" and make recommendations to the President as to ways and means of assuring the United States the maximum benefit from the use of such currencies, the maximum return from sales made under title I, and such other recommendations for improving the act and its administration as the committee may deem fit. The conference substitute further requires that the President shall consult the committee with

respect to policies relating to loans, convertibility, and the amount of currency to be reserved for loans to private industry under subsection 104(e). It further requires consultation with the committee on each proposal to establish an interest rate for dollar sales under title IV higher than the minimum provided in the conference substitute.

(6) The conference substitute requires that no grant other than for military purposes or no use, other than through the appropriations process, of any repayment of principal or interest from loans under title I may be made unless each such proposal is submitted to the Committee on Agriculture and Forestry of the Senate and the Committee on Agriculture of the House of Representatives and such committees are given 30 days when Congress is in session, or 60 days when Congress is not in session, in which to express disapproval of such proposal, and then only if neither of these committees disapproves.

(7) The conference substitute requires title I loans to bear interest at not less than the cost of funds to the United States. This will apply to all sales agreements under title I entered into after the effective date of this bill and must be followed with respect to all loans made under such agreements unless the advisory committee established in the bill recommends otherwise in specific cases.

(8) The conference substitute amends section 304 of the act to add nations controlled by Communist China to those which title I is to assist friendly nations to be independent of trade with.

(9) The conference substitute makes the minimum interest rate provided by law for Development Loan Fund loans the minimum rate for interest on sales of surplus commodities for dollar credit under title IV.

(10) The conference substitute directs the Commodity Credit Corporation to sell extra-long staple cotton determined by the Secretary of Agriculture to be surplus at competitive world prices. The Secretary would be required to make an annual determination of surplus for purposes of this provision. Cotton exported under this provision, in excess of the amount which the Secretary estimates would normally be exported, is not to be counted as exports for purposes of determining future marketing quotas and acreage allotments.

The general effect of the conference substitute herewith reported is to substantially expand congressional control over and supervision and operation of Public Law 480 and to take numerous steps to assure that the United States receives the maximum possible benefit from surplus commodities exported under this act.

Several provisions of the House bill are not changed by the conference substitute.

HAROLD D. COOLEY,
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Managers on the Part of the House.

ment agency authorization, Higher Education Facilities Act, Vocational Education Act, Manpower Development and Training Act amendments, Establishment of a National Commission on Technology, Automation and Economic Progress, Library Services Act, Revenue Act of 1964, Peace Corps Extension Act, Civil Rights Act of 1964, mass transit, antipoverty legislation (Economic Opportunity Act of 1964), Wilderness Preservation System, and social security amendments (House passed, awaiting conference report).

ACCOMPLISHMENTS OF THE EDUCATION AND LABOR COMMITTEE

The Education and Labor Committee, of which this Congressman is a member, under the Rules of the House of Representatives, has jurisdiction over a wide variety of educational matters, including the National Defense Education Act of 1958; Vocational Rehabilitation Act; Smith-Hughes Vocational Education Act; Vocational Education Act of 1946; Public Laws 815 and 874 (81st Congress); Freedmen's Hospital; Gallaudet College; Howard University; St. Elizabeths Hospital; school construction; impact of Government programs such as compulsory military service on education; fine arts; civilian awards; education programs for the physically handicapped, mentally retarded, deaf, speech-defective, gifted, etc; juvenile delinquency; youth programs; intercultural activities; scholarships for underdeveloped areas in Africa, Asia, Latin America; and all other legislative proposals affecting education. This committee has been the most active and effective committee in the 88th Congress. Fully 40 percent of the major legislation enacted by this Congress has been studied and reported out by this committee.

President Johnson has labeled this Congress the "Education Congress" because of its enactment of such a large and important number of pieces of education legislation. Under these measures:

1. We will help to provide college classrooms for several hundred thousand more students who will nearly double college enrollment this decade.
2. We will help to build 25 or 30 new public community colleges every year.
3. We will help to construct the technical institutes that are needed to close the gap in this crucial area of trained manpower.
4. We will help to build graduate schools and facilities in at least 10 to 20 major academic centers.
5. We will help to improve the quality of library facilities in our own universities and colleges.
6. We will increase the number of medical school graduates, and we will relieve the growing shortages of physicians and dentists and other needed professional health personnel.
7. We will enable some 70,000 to 90,000 additional students to attend college each year under an expanded loan program.
8. We will modernize and expand our Federal-State programs for vocational education in order to train for the changing world of work the 8 out of 10 young people who will never obtain a college education.
9. We will reduce the shortage of qualified personnel for the training and teaching of mentally retarded and other handicapped children.
10. We will expand our manpower development and training program to meet the growing problem of untrained, unemployed school dropouts.
11. We will expand programs for teaching science and mathematics and foreign languages, while extending the other valuable provisions of the National Defense Education Act.

12. We will provide public libraries for the residents of cities and counties all over this great country who now either have only antiquated library facilities or have no libraries at all.

13. And finally, we will continue the program of Federal financial assistance for the construction and the maintenance and the operation of schools that are crowded by the presence of children of Federal personnel under the provisions of Public Laws 874 and 815.

PRINCIPAL LEGISLATION CONSIDERED BY THE SELECT SUBCOMMITTEE ON EDUCATION

In order to remove some of the inequities in the Federal impact education program in which millions of dollars go to certain school districts under the present impact formula and in other school districts, such as ours, where there is definitely Federal impact due to the increased education cost of providing schooling for children of needy families and children of unemployed families—which under the present formula of this impact aid legislation don't receive one penny, I have just introduced a bill which will correct this situation. My bill, H.R. 10159, will amend this impact legislation (Public Law 874) to recognize the Federal connection for school district payment purposes of:

1. Children of school age on whose behalf parents are currently receiving payments under aid to dependent children welfare programs.
2. Children of persons residing in the local school districts who have exhausted their entitlement to unemployment compensation.
3. Children of persons residing in the local school districts who received payments pursuant to the Social Security Act for a period of 6 or more months during the previous fiscal year.

The Federal Government in the instances of these three new categories proposed is presently contributing directly to the family maintenance of the children involved. From these funds comes the income to provide the food, the clothing, and the shelter that is provided by Federal income in terms of wages in the other categories now in effect. In the instance of the new categories, however, the payment is not sufficient to permit them to contribute to the local taxes which are necessary to maintain the local school systems. The propriety of such a support program by the Federal Government certainly is in keeping with the needs of our time. It is only logical, that since the Federal Government shares in certain of the costs of maintaining such children, it should recognize and provide for the educational services necessary to enable a local school district to provide an adequate educational program that will assure all of the children at least a basic education.

The very fact of the Federal participation by way of ADC grants, social security payments, and provisions for unemployment compensation is a declaration of Federal purposes. These Federal purposes are the economic maintenance and the general well-being of these children. An extremely important element in the ultimate well-being of these children is their education. It is, therefore, in consonance with this policy that the costs of educating these children be acknowledged as involved with a Federal purpose.

The Select Subcommittee on Education of the Committee on Education and Labor of which I am the chairman, has recently held a number of hearings in Washington and in California on this important bill and I will be scheduling, in the near future, a number of other hearings across the country in order to strengthen our position and to study the

ways in which we can make certain that every eligible school district gets its fair share of these Federal funds and that these funds really get to the areas of need.

POSSIBLE \$1 MILLION FOR WESTMORELAND COUNTY SCHOOLS

Our school district, under the provisions of my bill, H.R. 10159, if enacted would be entitled to payments for the following needy children: (a) 4,800 children under the social security provisions, (b) 5,600 children under the aid to dependent children provision, (c) 4,600 children under the unemployed parent provision.

A total of 15,000 needy children for whom our educational agencies would be entitled to receive annual Federal assistance under the impact aid legislation of approximately \$1 million for operation and maintenance expenses alone.

Under Public Law 815, which covers assistance to school districts for school construction, Westmoreland County would be entitled to hundreds of thousands of dollars additionally for our school construction programs.

I want it clearly understood that H.R. 10159 (DENT) and S. 2528 (MORSE) are identical bills to amend existing laws.

The sole purpose of this legislation is to extend and broaden aid in the amount of \$330 million now being given to certain privileged districts at the expense of many needy districts, especially in Appalachia.

These proposals by Senator MORSE and me will be major issues.

This is the first time a realistic approach is being made to help solve some of the basic financial problems of our elementary and secondary schools.

(Mr. DENT (at the request of Mr. ALBERT) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

[Mr. DENT'S remarks will appear hereafter in the Appendix.]

VETERANS' PREFERENCE FOR EMPLOYEES OF AID

(Mr. DULSKI (at the request of Mr. ALBERT) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. DULSKI. Mr. Speaker, under leave to extend my remarks in the RECORD, I wish to include the following resolution which was adopted at the 65th national convention of the Veterans of Foreign Wars, Cleveland, Ohio, August 21 through August 28, 1964:

TO MAINTAIN VETERANS' PREFERENCE FOR EMPLOYEES OF AID

Whereas there is pending in the 88th Congress legislation identified as the Foreign Assistance Act of 1964, which provides that any employee grade 12 or over of the Agency for International Development (AID) can be summarily removed or "selected out" without regard to the Civil Service and Veterans' Preference laws; and

Whereas the House Committee on Foreign Affairs has considered this same provision and did, after due deliberation and consideration reject any language which would weaken or diminish the rights of veterans employed by the Federal agency AID; and

Whereas the Foreign Assistance Act of 1964 is presently pending before the U.S. Senate which has already voted to include

the provision to authorize the head of AID necessary powers to arbitrarily remove all employees grade 12 or over: Now, therefore be it

Resolved, by the 65th National Convention of the Veterans of Foreign Wars of the United States, That we vigorously oppose the provision in the Foreign Assistance Act of 1964, which would authorize the head of the Agency for International Development (AID) to fire without regard to the Veterans' Preference Act or civil service regulations any and all employees grade 12 or above, which provision is a flagrant violation of long standing Veterans of Foreign Wars policy to oppose any effort to weaken Veterans' Preference Act, and use every means at our disposal to have this provision knocked out of this bill before it is sent to the President for his signature.

AGRICULTURAL TRADE DEVELOPMENT ACT OF 1954

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that the conferees from the Committee on Agriculture may have until midnight tonight to file a report on S. 2687, the Agricultural Trade Development Act of 1954 extended.

Mr. HALLECK. Mr. Speaker, reserving the right to object, and I am not going to object, will the gentleman tell us whether or not it is anticipated that the conference report, if it is filed tonight, will be brought up tomorrow.

Mr. ALBERT. I did not realize that the chairman of the Committee on Agriculture is here now. As far as I am concerned, if the conference report can be made ready and filed, I think it would be a good thing to bring it up tomorrow. That is my own personal opinion.

Mr. COOLEY. Mr. Speaker, will the gentleman yield?

Mr. HALLECK. Yes. I yield to the gentleman.

Mr. COOLEY. I feel certain that the conference report will be filed before midnight tonight and we will be ready to bring it up tomorrow.

Mr. HALLECK. I am glad to have that information, because I had rather assumed with the completion of two small bills listed for tomorrow that would probably conclude our business. Of course, the conference report, I take it, would have precedence over the other bills, but I am glad to have this information so that Members can govern themselves.

Do I understand correctly this conference report is in unanimous agreement?

Mr. COOLEY. I am not able to say whether it is or not, but I am under the impression it is.

Mr. ALBERT. If the gentleman will yield further, the gentleman from North Carolina [Mr. COOLEY] was not present when the conference report was signed. It is my understanding that it was, although I stand subject to correction. I have discussed it with the gentleman from Texas [Mr. POAGE] who was present, and there was no indication of any objection to the conference report.

Mr. HALLECK. I am glad to have that information, because that corroborates the information I had. I think it will be helpful for Members who are trying to anticipate the program.

Mr. ALBERT. May I say to the gentleman, if he will yield further, our purpose and desire here is to get it up tomorrow rather than Thursday, because in the natural course of events it would be brought up Thursday in any event. We are doing that to accommodate Members of the House.

Mr. COOLEY. If the gentleman will yield further, the gentleman from Texas [Mr. POAGE] is the one who handled that matter. I gave him my proxy for the conference, and I have just returned to the Chamber about 5 minutes ago. I know before I left to go to North Carolina that we were in almost complete accord, and I am quite certain there is no controversy and will be none if it is called up tomorrow.

Mr. HALLECK. I thank the gentleman.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

CONFERENCE REPORT (H. REPT. No. 1897)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2687) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

"That the Agricultural Trade Development and Assistance Act of 1954, as amended, is further amended as follows:

"(1) Section 101 of such Act is amended by striking out in subsection (f) the words 'from the government or agencies thereof' and further by striking the period at the end of subsection (f) and adding the following: ', and which are not less favorable than the highest of exchange rates obtainable by any other nation.'

"(2) Section 101 of such Act is amended by adding at the end thereof the following new subsection:

"(g) require such foreign currencies to be convertible to dollars to the extent consistent with the effectuation of the purpose of this Act, but in any event to the extent necessary to permit that portion of such currencies made available for payment of United States obligations to be used to meet obligations or charges payable by the United States or any of its agencies to the government of the importing country or any of its agencies."

"(3) Section 102(a) of such Act is amended by adding at the end thereof the following: 'The Commodity Credit Corporation shall finance ocean freight charges incurred pursuant to agreements entered into after December 31, 1964, only to the extent that such charges are higher (than would otherwise be the case) by reason of a requirement that the commodities be transported in United States flag vessels. Such agreements shall require the balance of such charges for transportation in United States vessels to be paid in dollars by the nations or organizations with whom such agreements are entered into.'

"(4) Section 103(a) of such Act is amended by adding at the end thereof the following: 'In presenting his budget, the President shall classify expenditures under this Act as ex-

penditures for international affairs and finance rather than for agriculture and agricultural resources.'

"(5) Effective January 1, 1965, section 103 (b) of such Act is amended to read as follows:

"(b) Agreements shall not be entered into under this title during the period beginning January 1, 1965, and ending December 31, 1966, which will call for appropriations to reimburse the Commodity Credit Corporation in a total amount in excess of \$2,700,000,000 plus any amount by which agreements entered into in prior years have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such prior years by this Act as in effect during such years: *Provided*, That agreements shall not be entered into during any calendar year of such period which will call for appropriations to reimburse the Commodity Credit Corporation in amounts in excess of \$2,500,000,000.'

"(6) Section 104 of such Act is amended by striking out in subsection (c) the word 'military' and inserting after the words 'common defense' the words 'including internal security'.

"(7) Section 104 of such Act is amended by striking from subsection (e) the words 'not more than 25 per centum of the currencies received pursuant to each such agreement shall be available' and substituting 'currencies shall also be available to the maximum usable extent.'

"(8) Section 104 is amended by adding at the end thereof the following:

"There is hereby established an advisory committee composed of the Secretary of Agriculture, the Director of the Bureau of the Budget, the Administrator of the Agency for International Development, the chairman and the ranking minority member of the House Committee on Agriculture, and the chairman and the ranking minority member of the Senate Committee on Agriculture and Forestry. Such Committee shall review from time to time the status and usage of foreign currencies which accrue under this title, and shall make recommendations to the President as to ways and means of assuring to the United States (1) the maximum benefit from the use of such currencies, making special reference to any such currencies which are excess to the normal requirements of United States agencies, and (2) the maximum return from sales made under this title. Such Committee shall make such other recommendations for improving this Act and its administration as such Committee may deem fit.

"The committee shall be consulted with respect to: (1) policies relating to (a) loans under subsections (e) and (g) hereof, (b) the degree of convertibility to be required under section 101(g), and (c) the amount of currency to be reserved in sales agreements for loans to private industry under subsection (e) hereof; and (2) each proposal to establish an interest rate for dollar sales under title IV higher than the minimum provided in section 403.

"No agreement or proposal to grant any foreign currencies (except as provided in subsection (c) of this section), or to use (except pursuant to appropriation Act) any principal or interest from loan repayments under this section, shall be entered into or carried out until the expiration of thirty days following the date on which such agreement or proposal is transmitted by the President to the Senate Committee on Agriculture and Forestry and to the House Committee on Agriculture, if transmitted while Congress is in session, or sixty days following the date of transmittal if transmitted while Congress is not in session and then only if, between the date of transmittal and the expiration of such period there has not been passed by

either of the two Committees a resolution stating in substance that that Committee does not favor such agreement or proposal.

"(9) The first proviso at the end of section 104 of such Act is amended by striking out the colon at the end thereof and inserting 'pursuant to agreements entered into on or before December 31, 1964 and to not less than 20 per centum in the aggregate of the foreign currencies which accrue pursuant to agreements entered into thereafter:'.

"(10) Section 104 of such Act is amended by adding at the end thereof the following: 'Any loan made under the authority of this section shall bear interest at such rate as the President may determine but not less than the cost of funds to the United States Treasury, taking into consideration the current average market yields on outstanding marketable obligations of the United States having maturity comparable to the maturity of such loans, unless the President shall in specific instances upon the recommendation of the advisory committee herein established designate a different rate.'

"(11) Section 107 of such Act is amended by inserting before the period at the end thereof a comma and the following: 'or (3) for the purpose only of title I any nation or area dominated or controlled by a Communist government, or (4) for the purpose only of title I any nation which permits ships or aircraft under its registry to transport to or from Cuba (excluding United States installations in Cuba) any equipment, materials, or commodities, so long as Cuba is governed by the Castro regime. Notwithstanding any other Act, the President is authorized to enter into agreements for the sale of surplus agricultural commodities for dollars under title IV with nations which fall within the definition of "friendly nation" for the purpose of that title. In the case of any such agreement which would be prohibited by any other Act but for the foregoing sentence the maximum payment period shall be five years, instead of twenty years.'

"The President is directed that no sales under this Act shall be made with any country if he finds such country is (a) an aggressor, in a military sense, against any country having diplomatic relations with the United States, or (b) using funds, of any sort, from the United States for purposes inimical to the foreign policies of the United States'.

"(12) Section 108 of such Act is amended by striking out the words 'six months' and inserting in lieu thereof the word 'year'.

"(13) Section 203 of such Act is amended (i) by striking out '1961' and substituting '1965'; (ii) by striking out '1964' and substituting '1966'; (iii) by striking out '\$300,000,000', and substituting '\$400,000,000'; and (iv) by inserting after 'charges for general average contributions arising out of the ocean transport of commodities transferred pursuant hereto' the following: 'or donated under said section 416, section 308 of this Act or section 9 of the Act of September 6, 1958 (72 Stat. 1790)'. Clauses (i), (ii), and (iii) hereof shall not become effective until January 1, 1965.

"(14) Section 203 of the Act is amended by inserting after the third sentence of said section the following new sentence: 'In addition to other funds available for such purposes under any other Act, funds made available under this title may be used in an amount not exceeding \$7,500,000 annually to purchase foreign currencies accruing under title I in order to meet costs (except the personnel and administrative costs of cooperating sponsors, distributing agencies, and recipient agencies, and the costs of construction or maintenance of any church owned or operated edifice or any other edifices to be used for sectarian purposes) designed to assure that commodities made available under this title or under title III are used to carry out more effectively the purposes for

which such commodities are made available or to promote community and other self-help activities designed to alleviate the causes of the need for such assistance: *Provided, however*, That such funds shall be used only to supplement and not substitute for funds normally available for such purposes from other non-United States Government sources.'; and by inserting after the word 'costs' in the last sentence the words 'or for the purchase of foreign currencies'.

"(15) Sections 109 and 204 of such Act are amended by striking out '1964' and inserting '1966'.

"(16) Clause (1) of section 304(a) of such Act is amended by inserting after the words 'Union of Soviet Socialist Republics' the words 'or the Communist regime in China'.

"(17) The first sentence of section 403 of such Act is amended to read as follows: 'Payment for such commodities shall be in dollars with interest at such rate as the Secretary may determine but not less than the minimum rate required by section 201 of the Foreign Assistance Act of 1961 for loans made under that section.'

"Sec. 2. Subsection (b) of section 612 of the Foreign Assistance Act of 1961, as amended, is amended (1) by redesignating it as subsection (t) of section 104 of the Agricultural Trade Development and Assistance Act of 1954, as amended.

"(2) By inserting after the subsection designation the following: 'For sale to United States citizens as provided herein.'

"(3) By striking 'this Act' and substituting 'the Foreign Assistance Act of 1961, as amended';

"(4) By changing the period at the end of the subsection to a comma and adding 'except that in the case of any such foreign currencies acquired through operations under title I of the Agricultural Trade Development and Assistance Act of 1954, as amended, the United States dollars received from the sale of such foreign currencies shall be deposited to the account of the Commodity Credit Corporation and shall be treated as a reimbursement to Commodity Credit Corporation under section 105 of this Act.'

"Sec. 3. Notwithstanding any other provision of law, the Commodity Credit Corporation, in order to encourage exports of extra long staple cotton which is in surplus supply at competitive world prices, is directed to offer for sale, whenever extra long staple cotton is in surplus supply, any extra long staple cotton owned by it (except stocks released from the stockpile established pursuant to the Strategic and Critical Materials Stock Piling Act, as amended) at prices not in excess of the prices at which cotton of comparable quality is being offered by other exporting countries, on condition that such cotton be exported or that an equal quantity of extra long staple cotton will be exported within the period specified by the Secretary of Agriculture. The Commodity Credit Corporation may accept bids in excess of the maximum prices specified herein but shall not reject bids at such maximum prices unless a higher bid is received for the same cotton. The Secretary of Agriculture shall make a determination of the amount, if any, of extra long staple cotton which is in surplus supply for the 1964-65 marketing year not later than thirty days after the effective date of this section and for each succeeding marketing year not later than thirty days prior to the beginning of each such marketing year. Extra long staple cotton shall be deemed to be in surplus supply whenever the Secretary of Agriculture determines that the total supply of such cotton (under the formula for determining the "Total supply" of cotton specified in Section 301(b)(16)(C) of the Agricultural Adjustment Act of 1938, as amended, but not including cotton released from such stockpile) is in excess of estimated domestic consumption and estimated exports of such cotton excluding estimated exports made under the authority of this section,

plus an allowance for carryover equal to fifty per centum of such estimated consumption and exports. Exports hereunder shall be excluded in making any determination with respect to national marketing quotas under the Agricultural Adjustment Act of 1938, as amended. Nothing herein shall preclude the Corporation from accepting bids which may be made at higher than world prices.

"Sec. 4. Section 416 of the Agricultural Act of 1949, as amended, is amended by adding the following at the end of such section: 'The assistance to needy persons provided in (4) above shall, insofar as practicable, be directed toward community and other self-help activities designed to alleviate the causes of the need for such assistance.'"

And the House agree to the same.

HAROLD D. COOLEY,
W. R. POAGE,
D. R. MATTHEWS,
CHARLES B. HOEVEN,
PAUL B. DAGUE,

Managers on the Part of the House.

ALLEN J. ELLENDER,
OLIN D. JOHNSTON,
SPESARD L. HOLLAND,
JAMES O. EASTLAND,
HERMAN E. TALMADGE,
GEORGE D. AIKEN,
MILTON R. YOUNG,
BOURKE B. HICKENLOOPER,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill S. 2687, to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report.

The House amendment struck out all after the enacting clause of the Senate bill and substitute the language of H.R. 12298 as passed by the House. Following are the substantive differences between the House amendment and the substitute amendment agreed to by the conferees.

1. The House amendment provided for a 3-year extension of title I with an authorization for the 3 years of \$4 billion plus carryover. The substitute will extend title I for 2 calendar years (through 1966) with an authorization of \$2.7 billion plus carryover.

2. The House amendment extended title II for 3 years with an annual authorization of \$450 million plus carryover. The substitute will extend title II for 2 years with an annual authorization of \$400 million plus carryover.

3. The House amendment prohibited the use of foreign currencies to "promote or help promote, or increase production of any farm commodity" exported from such country during the preceding year in competition with U.S. production. This provision is omitted from the conference substitute.

4. House amendment excluded from the definition of "friendly nation" for the purposes of titles I and IV any country which permits ships or aircraft under its registry to transport materials or commodities to or from Castro Cuba. The conference substitute limits this provision to title I. It is combined with other related restrictions in section 1(11) of the conference substitute.

5. The House amendment authorized the use of CCC funds under title II to purchase title I foreign currencies for use on self-help activities designed to alleviate the causes of the need for assistance. The conference substitute limits operations under this provision to \$7.5 million per year.

6. The House amendment prohibited use of funds under "this act" in any country unless the President finds that such country is not an aggressor and not using U.S. funds for purposes inimical to the United States.

The conference substitute prohibits sales under Public Law 480 to countries the President finds to be such aggressors or so using U.S. funds. This provision also is consolidated into the amendment of section 107 of the act set out in section 1(11) of the conference substitute.

7. The House amendment redefined "friendly nation" to exclude any nation controlled by a Communist government, whether or not controlled by the organization controlling the world Communist movement. The conference substitute limits this provision to title I sales for foreign currency.

Under the conference substitute sales for foreign currency will be prohibited to countries which do not come under the new definition of "friendly nation" or which have ships or airplanes under their registry carrying on trade with Cuba. The substitute will permit dollar sales for credit of U.S. surpluses under title IV with only those countries presently defined as "friendly nations," and in the case of any country which has not heretofore been eligible for such dollar sales, will limit the credit period to 5 years. In the case of Poland, the conference substitute will prohibit the making of any further sale of surpluses for Polish currency, but will permit the sale of surpluses for dollars under credit extending up to 5 years. The conference substitute prohibits sales of any kind under Public Law 480 to any country which the President determines to be an aggressor or to be using U.S. funds in a manner inimical to U.S. interest. It does not in any way enlarge the definition of "friendly nations" and continues all prohibitions in Public Law 480 against sales to Communist bloc nations.

The conference substitute contains the following provisions which were not in the House amendment:

1. A requirement that foreign currencies obtained from the sale of surpluses from title I be convertible to dollars to the extent consistent with the purposes of the act. It requires that there should be convertibility to the extent necessary to permit payment of U.S. obligations to the Government of the importing country or any of its agencies.

2. The conference substitute prohibits the payment by Commodity Credit Corporation of ocean freight charges on title I shipments under agreements made after December 31, 1964, except to the extent of the differential required as a result of cargo preference where the U.S.-flag vessel rate exceeds foreign vessel rates. This provision further requires that title I agreements will require the importing country to pay the balance of U.S.-flag vessel freight in dollars. This amendment will change only the financing of ocean freight charges up to the world market rate. However, no change is made in the implementation of the cargo preference laws and, except for such financing, the Commodity Credit Corporation may continue to facilitate commercial arrangements for payment of the full ocean freight charges.

3. The conference substitute requires expenditures under Public Law 480 to be classified for purposes of budget presentation as expenditures for international affairs and finance.

4. The conference substitute removes the ceiling on foreign currencies reserved for loans to private business and provides that such currency shall be made available to the maximum usable extent.

5. The conference substitute establishes an advisory committee to "review from time to time the status and usage of foreign currencies" and make recommendations to the President as to ways and means of assuring the United States the maximum benefit from the use of such currencies, the maximum return from sales made under title I, and such other recommendations for improving the act and its administration as the com-

mittee may deem fit. The conference substitute further requires that the President shall consult the committee with respect to policies relating to loans, convertibility, and the amount of currency to be reserved for loans to private industry under subsection 104(e). It further requires consultation with the committee on each proposal to establish an interest rate for dollar sales under title IV higher than the minimum provided in the conference substitute.

6. The conference substitute requires that no grant other than for military purposes or no use other than through the appropriations process, of any repayment of principal or interest from loans under title I may be made unless each such proposal is submitted to the Committee on Agriculture and Forestry of the Senate and the Committee on Agriculture of the House of Representatives and such committees are given 30 days when Congress is in session, or 60 days when Congress is not in session, in which to express disapproval of such proposal, and then only if neither of these committees disapproves.

7. The conference substitute requires title I loans to bear interest at not less than the cost of funds to the United States. This will apply to all sales agreements under title I entered into after the effective date of this bill and must be followed with respect to all loans made under such agreements unless the advisory committee established in the bill recommends otherwise in specific cases.

8. The conference substitute amends section 304 of the act to add nations controlled by communist China to those which title I is to assist friendly nations to be independent of trade with.

9. The conference substitute makes the minimum interest rate provided by law for Development Loan Fund loans the minimum rate for interest on sales of surplus commodities for dollar credit under title IV.

10. The conference substitute directs the Commodity Credit Corporation to sell extra long staple cotton determined by the Secretary of Agriculture to be surplus at competitive world prices. The Secretary would be required to make an annual determination of surplus for purposes of this provision. Cotton exported under this provision, in excess of the amount which the Secretary estimates would normally be exported, is not to be counted as exports for purposes of determining future marketing quotas and acreage allotments.

The general effect of the conference substitute herewith reported is to substantially expand congressional control over and supervision and operation of Public Law 480 and to take numerous steps to assure that the United States receives the maximum possible benefit from surplus commodities exported under this act.

Several provisions of the House bill are not changed by the conference substitute.

HAROLD D. COOLEY,
W. R. POAGE,
D. R. MATTHEWS,
CHAS. B. HOEVEN,
PAUL B. DAGUE,

Managers on the Part of the House.

THE 53D CONFERENCE OF THE INTER-PARLIAMENTARY UNION

The SPEAKER. Under previous order of the House, the gentlewoman from New York [Mrs. ST. GEORGE] is recognized for 60 minutes.

Mrs. ST. GEORGE. Mr. Speaker, as I am enjoined to do under the rules of the Inter-Parliamentary Union, it is now time to report on the last conference held in Copenhagen from August 20 to August 28, 1964. As president of the U.S. national group of this Congress, I am com-

ing to report to the Congress on what transpired then.

REPORT OF THE U.S. DELEGATION TO THE 53D CONFERENCE OF THE INTER-PARLIAMENTARY UNION, HELD IN COPENHAGEN, DENMARK, AUGUST 20-28, 1964

The 53d Conference of the Inter-Parliamentary Union met in Copenhagen, Denmark, from August 20 to 28, 1964. It was the 75th anniversary of the founding of the Union and the first time it had met in Copenhagen since 1923. On this occasion of the 75th anniversary, the elected representatives of the 9 countries which, in 1889, came together to form the Union, addressed the following message to the 75 national groups of the Union:

THE 53D INTER-PARLIAMENTARY CONFERENCE, COPENHAGEN 1964

A MESSAGE ON THE OCCASION OF THE 75TH ANNIVERSARY OF THE INTER-PARLIAMENTARY UNION

The elected representatives of the nine countries which, in 1889, came together to form the Inter-Parliamentary Union,

Are happy to be able to celebrate together the 75th anniversary of this event in the capital of Denmark, whose Parliament was represented in Paris at the first Inter-Parliamentary Conference together with those of the United States of America, Belgium, France, Great Britain, Hungary, Italy, Liberia, and Spain,

Have unanimously decided to address the following message to the national groups of the Union:

"For three-quarters of a century, the Inter-Parliamentary Union, which by reason of the upheavals caused by two world wars has passed through some difficult periods, has nevertheless pursued its endeavors for peace and understanding among peoples with unswerving fidelity to the ideals of its founders as well as with an exemplary continuity of principle and direction.

On the occasion of this anniversary, grateful homage must be paid to those two statesmen, Sir Randal Cremer, of Great Britain, and Mr. Frederic Passy, of France, who first conceived the Union, as well as to those Presidents and Secretaries General whose devotion has insured its continuous advancement.

"The 9 founding countries have now grown to 75, and it is significant that one of the first concerns of peoples who achieve independence is to demonstrate their attachment to democracy and to representative institutions by seeking admission to the Union which offers them and all its members a forum from which, speaking in an atmosphere of freedom, reciprocal tolerance and friendship, their voice can be heard throughout the world.

"In the course of years, the ideals of the Union have influenced the policy of governments in a practical manner, and some of the initial objectives of the Organization have been achieved, particularly with regard to the setting up of a universal organization of states, first the League of Nations and today the United Nations.

"Similarly, the ideal of settling international disputes by all peaceful means—including arbitration which, from its early days, the Union has constantly advocated—is today accepted by all countries.

"It has to be recognized, however, that in spite of all efforts, peace is not yet established on a firm basis and that use of force has not been eliminated in international relations. Further, in face of the increasing power exercised by governments and their administrative services, many Parliaments have difficulty in maintaining their full prerogatives.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For information only;
should not be quoted
or cited)

UNITED STATES DEPARTMENT OF AGRICULTURE

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HIGHLIGHTS: House agreed to conference report on Public Law 480; Sen. Fulbright moved to refer report to Foreign Relations Committee. Both Houses received from President report on trade agreements program.

SENATE

1. PUBLIC LAW 480. Debated the conference report on S. 2687, to extend the Public Law 480 program (pp. 21842, 21873-78). Sen. Fulbright objected to certain provisions of the bill as reported from conference and made a motion that the conference report be referred to the Foreign Relations Committee for hearings and study. Agreed to a unanimous-consent agreement to vote on the Fulbright motion on Thurs., Sept. 24. (pp. 21873-78)
2. FOREIGN AID. Continued debate on reapportionment amendments to H. R. 11380, the foreign aid authorization bill pp. 21863-69, 21872-3
Sen. Sparkman commended the program under the Alliance for Progress to aid the underprivileged in Latin America in the construction of housing and inserted a report from AID reviewing the program. pp. 21878-80

3. FOOD ADDITIVES. The Labor and Public Welfare Committee reported without amendment H. R. 12033, to authorize the Secretary of HEW to permit until Dec. 31, 1965, under certain conditions, the continued use of certain food additives and pesticide chemicals which were in commercial use before Jan. 1, 1958, but which have not been cleared for use under the Federal Food, Drug, and Cosmetic Act (S. Rept. 1593). p. 21836
4. VIRGIN ISLANDS; IMPORTS. The "Daily Digest" states that the Finance Committee tabled H. R. 10170, to continue until the close of June 30, 1965, the existing exemption from duty enjoyed by returning residents arriving from the Virgin Islands. p. D786
5. TARIFFS. The Finance Committee voted to report (but did not actually report) with amendments H. R. 12253, to amend certain tariff schedules. The "Daily Digest" states that the bill was amended to increase the duty on wool fabrics made of a blend of reclaimed wool and ramie or flax and to clarify the duty-free status of certain farm equipment. pp. D785-6
6. TRADE AGREEMENTS. Both Houses received from the President the annual report on the operation of the trade agreements program. The President stated that in 1963 U. S. farm exports rose to an all-time record to \$5.6 billion and that total U. S. exports reached a new high of \$22.3 billion, \$5.1 billion more than our imports. (H. Doc. 366) pp. 21835, 21923
7. CONGRESSIONAL PROCEDURE. Sen. Clark inserted his proposed comprehensive revision of the Senate rules. pp. 21880-921

HOUSE

8. PUBLIC LAW 480. Agreed to the conference report on S. 2687, to extend the Public Law 480 program. (See Digest 182 for a summary of provisions.) pp. 21923-28
9. LANDS. By a vote of 180 to 118, passed as reported H. R. 1096, to authorize the Secretary of the Interior to cooperate with Wisc. in the designation and administration of the Ice Age National Scientific Reserve. pp. 21928-38
10. PERSONNEL; PAY. Concurred in Senate amendments to H. R. 5932, to amend the Government Employees Salary Reform Act of 1964 so as to authorize that the pay increases provided for be made retroactively effective in the case of employees whose pay is established through administrative action. This bill will now be sent to the president. p. 21939
11. FARM LABOR. Rep. Teague, Calif., inserted an article pointing out that with the termination of the bracero program the Mexican farmers will have a big advantage over California farmers and that the bulk of the strawberries, tomatoes, and cantaloupes will be grown in Mexico rather than in California. pp. 21950-1
12. PRICE-WAGE CONTROL. Rep. Curtis criticized the administration's "guidelines" approach to price-wage control. p. 21950
13. WATER RESOURCES. Rep. Schwengle inserted a speech outlining a program for the underground storage of water "to prevent tremendous evaporation losses and to aid in the furtherance of comprehensive flood control programs." pp. 21951-4

Court has been wrong. However, we have never before had a decision of the Court which in effect changed our form of government.

Mr. ALLOTT. The Senator is entirely correct. That decision will have a more far-reaching effect than any decision the United States Supreme Court has ever made, I believe, with the possible exception of one.

EXTENSION OF AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954—CONFERENCE REPORT

Mr. JOHNSTON. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2687) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report.

(For conference report, see House proceedings of September 22, 1964, pp. 21756-21757, CONGRESSIONAL RECORD.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. JOHNSTON. Mr. President, the House has already adopted the conference report. Judging by the calendar, it would appear that we should have taken up the conference report first. However, the House had a quorum, and it was thought that it would act on the conference report. It has acted upon it already. The report was signed by all the conferees, both in the House and in the Senate. I call the attention of Senators to the fact that although the House had struck out all of the Senate bill and had written a new bill in the House, practically all of the Senate bill was put back and agreed to in the conference committee, with very few exceptions.

I ask unanimous consent to have printed in the RECORD at this point an explanation of the conference report. It was prepared by the Committee on Agriculture and Forestry of the Senate. It shows how we came out in the conference.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

DISPOSITION BY CONFERENCE SUBSTITUTE OF DIFFERENCES BETWEEN SENATE AND HOUSE VERSIONS OF S. 2687

1. Senate bill required title I foreign currencies to be convertible to dollars to the extent consistent with the purposes of the act. Retained in proposed conference substitute.

2. Senate bill prohibited Commodity Credit Corporation from financing ocean freight charges on title I shipments, except to the extent of the differential required as a result of cargo preference where the U.S.-flag vessel rate exceeds foreign vessel rates. Retained in substitute, which further provides that title I agreements require the importing country to pay the balance of U.S.-flag vessel

freight in dollars, and makes the provision effective beginning with agreements entered into after December 31, 1964.

3. Senate bill required expenditures under the act to be classified in the budget as expenditures for international affairs and finance. Retained in substitute.

4. Senate bill extended title I for 2 years with \$2.7 billion (plus carryover) authorization. House amendment extended for 3 years with \$4 billion (plus carryover) authorization. Conference substitute retains Senate provision.

5. Senate bill removed 25-percent ceiling on Cooley loan funds. Retained in substitute.

6. Senate bill subjected all grants under section 104 of the act, and all uses of principal and interest paid on loans made under title I, to the appropriation process. In lieu of this provision the conference substitute provides for an advisory committee, and prohibits any grants (except for military assistance), or use of loan principal and interest payments, until after 30 days if Congress is in session (60 days if it is not) following transmittal to the Senate and House Committees on Agriculture, and then only if neither of those committees disapproves.

7. House amendment prohibited use of foreign currencies to promote production of any farm commodity which has been exported "from such country" during the preceding year in competition with U.S. production. Omitted from conference substitute.

8. House amendment increased the minimum amount of title I foreign currencies subject to the appropriation process to 20 percent (from 10 percent), subject to Presidential waiver. Retained in conference substitute.

9. House amendment excluded from definition of "friendly nation" for the purposes of titles I and IV any country which permits its ships or aircraft to transport materials to or from Castro Cuba. Conference substitute limits this provision to title I, specifically permitting title IV sales for dollars to such countries. If but for such permission title IV sales to such country would be prohibited by the Battle Act or other legislation, the title IV credit would be limited to not more than 5 years.

10. Senate bill prohibited restrictions on U.S. use of foreign currencies reserved for U.S. use, required such currencies to be legal tender or convertible to legal tender to pay U.S. obligations to the host government, and required title I loans to bear interest at not less than the cost of funds to the United States. Conference substitute retains the minimum interest provision, but permits the President upon the recommendation of the advisory committee to fix a lower rate. The convertibility of U.S. use currencies to pay obligations to the host country is covered by the provision dealing with convertibility (sec. 1(2)).

11. Senate bill extended title II for 2 years with annual authorization of \$375 million (plus carryover). House amendment extended title II for 3 years, with annual authorization of \$450 million (plus carryover). Senate bill also provided effective date to prevent lapse in title II. Conference substitute extends for 2 years with annual authorization of \$400 million (plus carryover). Retains Senate effective date.

12. House amendment authorized use of CCC funds under title II to purchase title I foreign currencies for self-help activities designed to alleviate the causes of the need for assistance. Conference substitute limits this provision to \$7.5 million per year.

13. House amendment prohibited use of funds under "this act" in certain aggressor countries, and in countries using U.S. funds for purposes inimical to U.S. foreign policy. Conference substitute prohibits sales under Public Law 480 to countries the President

finds to be such aggressors or so using U.S. funds.

14. House amendment redefined "friendly nation" to exclude any nation controlled by a Communist government, even though not controlled by the organization controlling the world Communist movement. Conference substitute limits this provision to title I, permitting title IV sales for dollars to such countries. If but for such permission title IV sales would be prohibited by the Battle Act or other law, the title IV credit would be limited to not more than 5 years.

15. Senate bill amended section 304 to add nations controlled by Communist China to those which title I is to assist friendly nations to be independent of trade with. Retained in conference substitute.

16. Senate bill made the cost of funds to the Treasury the minimum, rather than maximum, interest rate under title IV. Conference substitute makes the minimum rate provided for Development Fund loans the minimum rate for title IV loans.

17. Senate bill requires CCC to make extra long staple cotton available for export at not more than world prices as long as it is in surplus. Conference substitute retains this provision in revised form, providing that exports under this provision shall be excluded in computing marketing quotas.

18. House amendment permitted food commodities donated under clause (4) of section 416 of the Agricultural Act of 1949 to be used for community and other self-help activities designed to alleviate the causes of the need for assistance. Retained in conference substitute.

Mr. JOHNSTON. Mr. President, the bill was passed in the Senate without a yeas and nays vote. The Senate should be well pleased with the outcome in conference on the bill. I understand that the Senator from Arkansas wishes to be heard on it.

Mr. FULBRIGHT. Mr. President, will the Senator yield for a question?

Mr. JOHNSTON. I yield.

Mr. FULBRIGHT. With regard to the definition of a friendly country, was this a matter which was considered by the Senate committee, or was this provision put in the bill on the House floor, and not by the House committee?

Mr. JOHNSTON. It was added to the bill on the House floor. It was not considered by the Senate committee.

Mr. FULBRIGHT. Were any hearings held in the Senate committee on this provision, which in effect would prohibit the sale of agricultural commodities to Yugoslavia and Poland for foreign currency?

Mr. JOHNSTON. There were no hearings on it. It was not before the Committee.

Mr. FULBRIGHT. No testimony was taken from any State Department representatives?

Mr. JOHNSTON. The Senator is correct.

Mr. FULBRIGHT. Nor did the House hold any hearings on this subject?

Mr. JOHNSTON. The House did not hold any hearings on it, either to my knowledge. It was proposed and discussed on the floor. My understanding is that no hearings were held on it.

Mr. FULBRIGHT. It is my understanding, also—and I wish to make the RECORD clear on this point—that the amendment was offered by Representative FINDLEY on the floor of the House, and it was not considered in committee in the House.

Mr. JOHNSTON. The Senator is correct.

Mr. FULBRIGHT. The State Department had no opportunity to present any of its views with regard to this matter?

Mr. JOHNSTON. The Senator is correct.

Mr. FULBRIGHT. It had no opportunity to present testimony before either committee. Is that correct?

Mr. JOHNSTON. The Senator is correct.

Mr. FULBRIGHT. This is a very unfortunate procedure. This bill deals primarily with agricultural commodities and the disposal of agricultural commodities. But it is legislating in a very sensitive and important field in connection with our foreign relations in Eastern Europe, particularly with Yugoslavia and Poland.

Last year we held long hearings on the most-favored-nation clause and had long debate on it in the Senate. The Senate committee and the Senate itself, and the House also, after thorough discussion, voted to repeal the previous action of Congress, which had been taken in the trade bill.

Again the subject of our relations with Eastern Europe comes up in a bill which neither the Foreign Affairs Committee of the House nor the Foreign Relations Committee of the Senate, or even the State Department, has had an opportunity to consider.

It seems to be very imprudent that this kind of action should be taken, because it has a direct, and, I believe, a very serious, effect upon our foreign relations.

I realize that this is a matter of power. If the Senate wishes to act, it may act, but I do not think this is a wise procedure to follow. We should not pass on this matter without thorough consideration by the committees that have jurisdiction over our foreign relations.

Mr. JOHNSTON. Mr. President, in reply to the Senator from Arkansas, I must say that we found ourselves in the predicament, when we went into conference, that the House was adamant. There was considerable debate pro and con on this subject on the floor of the House. However, no hearings were held in committee. It was thought that if we did not put this provision in the bill in conference, it would be impossible to have the bill approved in the House. I believe the other conferees will say the same thing. That is what they found the situation to be in the House. We did modify the Findley amendment greatly in conference. The Findley amendment would have prohibited all sales to Yugoslavia and Poland. The conference substitute does not do that. It prohibits only title I sales for foreign currencies to these countries and specifically permits title IV sales to them for dollars on credit. Yugoslavia has already made purchases under title IV and the conference substitute permits it to continue to do so. Therefore the conference substitute has reduced the Findley amendment from an absolute prohibition to a provision for shifting Yugoslavia and Poland from soft currency sales to dollar credit sales. Poland is in a little different situation from

Yugoslavia. Because the Battle Act prohibits financial assistance to Poland, Poland is not now eligible for title IV credit sales. The conference substitute specifically authorizes such sales to Poland on not to exceed 5 years credit. So the conference committee has greatly modified the Findley amendment. It does not prohibit sales to these countries, but provides only for shifting them from one title to another. We want to do business with them on a businesslike basis.

Mr. FULBRIGHT. I am not willing to accept this kind of action on the part of the conferees. Even though the subject was debated on the floor of the House, the executive branch, which is responsible for our foreign relations, had no opportunity to present its views in committee. I am not willing to agree to the conference report.

I regret very much that this kind of action has not been subjected to committee hearings, and that the executive branch has not been given an opportunity to present its views. It is very much along the line of the action taken with regard to the most favored nation clause, upon which we acted last year, in a manner directly opposite to this action. This is a very unwise proposal. I strongly oppose it.

Mr. JOHNSTON. I yield to the Senator from Vermont.

Mr. AIKEN. Mr. President, the Senator from Arkansas is correct in his assumption that the conference report is not all that it should be. The Senate conferees recognized that. The House conferees, while they may have recognized it, also recognized the fact that the bill would be rejected, as was the coffee agreement; that they could not go back to the House with any bill which went any further away from the House-passed bill than what was agreed to by the conferees.

One thing that was done, however, was to shorten the time the program would be in effect. The bill which the House passed provided for 3 years; in conference, the time was reduced to 2 years.

We have also provided for the sale of agricultural products under title IV, but with a shorter period for extending credit. That was reduced from 20 years to 5 years.

This amendment affects Poland and Yugoslavia. I think the people of those countries are desperately trying to become more democratic and need our assistance in doing so, although their Governments are still communistic or socialistic, whichever term one wishes to use.

Yugoslavia does not desire to purchase goods from us under title I. It does wish to purchase under title IV, because its grain crops failed this year, and it needs our help.

It was our help, given in 1948, that weaned Yugoslavia away from Russia and enabled her to become an independent nation. There is some feeling that perhaps we would not have been in this trouble had it not been for certain rulings of the executive departments relative to the making of sales. I am not sure about that. I shall not go into

the details about that or about what can be done. I do not know. But it seems to me that we could go along for the next 2 years under the bill as it is now written. Great changes are taking place in the world. I cannot foresee what may occur in the next 2 years, the way things are taking place in international affairs today. I do not think anyone else can, either.

We did well to reduce the duration of the bill from 3 years to 2 years, which applies to sales for foreign currencies. It is my understanding that the Yugoslav Government is contemplating paying its World War debt very soon. That will put her in a class with Finland. Yugoslavia is making considerable progress, and a determined effort to put her finances in order. It is also my understanding that even though we hold \$50 million worth of zlotys at the present time, Yugoslavia does not expect them to last forever without their being converted into our currency. In my opinion, Yugoslavia is making a strong effort to balance her debts with us. I am sorry that we could not have made better arrangements.

Mr. JOHNSTON. Yugoslavia has made purchases under title IV. They can continue to be made under that title as they have been in the past. The conference substitute permits us to continue dealing with Yugoslavia and Poland.

Mr. FULBRIGHT. What the Senator from Vermont has just said is the main point. Whether Yugoslavia may be able to operate under title IV or some of the other provisions is a little beside the point. After all these years of operation, this action is taken at a time when, as the Senator has said, there are signs that real progress is being made in Yugoslavia—and, for that matter, in certain other countries of Eastern Europe that are not affected by this proposal.

This kind of action is a slap; it is a deliberate insult. We say, in effect, that Yugoslavia will not be given an opportunity to purchase under title I. That is what is so bad from the standpoint of international political relations, aside from whether or not Yugoslavia will get the grain. We are deliberately changing the definition of a friendly country and are, in effect, saying that Yugoslavia is not a friendly country and can never be a friendly country so long as it has a government that is called Communist. The Senator from Vermont himself said that perhaps the country might be called Socialist. In this respect, we are going only on a name, without regard to what our relations have been.

Our relations with Yugoslavia for the past several years have been reasonably normal. We have relations with many countries that are not so good as our relations with Yugoslavia. The Government of Yugoslavia is called Communist; actually, it operates in many respects that are different from other Communist governments, especially in its relations with us, as the Senator well knows.

The Senator from Vermont mentioned Yugoslavia's contemplation of paying its past debts. It is not in default in any of its recent dealings. It has acted cor-

rectly in its dealings with us and with the International Bank. It is current. We are leveling a deliberate insult at a country which does not deserve such treatment.

Mr. AIKEN. Apparently Yugoslavia has been straightforward in its dealings with us. It has taken our position in the United Nations in opposition to positions taken by Russia and other Communist countries.

Mr. FULBRIGHT. That is correct. Yugoslavia has pursued an independent course.

Mr. AIKEN. About 25 percent of the land in Yugoslavia is owned by the Government. That compares quite favorably with the percentage of land owned by the Government in this country.

A few years ago, when Yugoslavia established its first Communist government, every person employing another person was considered as operating a Government enterprise. Then the Government increased the number of employees a person could have to four, and then to five. Recently, the Government announced that a person employing 10 other persons would be exempt from Government ownership and control. That is good progress. An employer in this country does not have to have 10 employees to come under Government controls to a considerable extent. Yugoslavia has been making substantial progress toward democratic objectives. I do not expect that it will achieve them right away. In the meantime, I will be thankful if we do not go faster in the other direction toward the kind of government we do not want. That is what we must fight against. But I am sure that Yugoslavia is making real progress.

As for Poland, I do not know so much, except that the Polish Government has never expropriated the farmlands of Poland, as Communist governments in other countries have done.

About 70 percent of the business done by Yugoslavia is oriented to the West. As I recall, 50 percent of the business of Poland is oriented to the West. Persons whom I have asked say that Yugoslavia does not want to be driven back completely into the arms of Moscow.

Mr. FULBRIGHT. Does not the Senator from Vermont believe that the action proposed in the conference report would have that effect?

Mr. AIKEN. Perhaps the people of Yugoslavia are more understanding than are some of the people in this country. If they understand that they can still get 20 years' credit, and that the term of the bill prohibiting sales for foreign currencies is for a period of only 2 years, they may understand.

If they take into consideration that only a few weeks remain before our election, when the American flag is being waved to shreds in all directions, they may take a different attitude after the election than they might before. I do not decry patriotism in any way, but there should be a great deal of common-sense combined with it.

Mr. FULBRIGHT. This action is directly against the interests of this coun-

try. It is subversive of U.S. policy. It does not promote American interests at all. It is in the interest of the Soviet Union, if we want to be practical about it.

Mr. AIKEN. This is the worst effect it could have. It could be a setback for democracy.

Mr. FULBRIGHT. Certainly it could.

Mr. AIKEN. I hope that that will not be the case. I am optimistic enough to feel that it will not be the case.

Mr. FULBRIGHT. If I may clarify the situation, as I understand, the existing law does not expire until December 31 of this year. It will continue on. We can come back in January after the election when the pseudopatriotism to which the Senator has alluded is over. We could judge the matter in a much calmer atmosphere. Certainly the administration—whatever the administration would be—would have an opportunity to consider this question from the international political point of view and its effect upon our relations.

I would, therefore, strongly suggest that at this late date, since the bill will continue until December 31, we not enact it but take it up in the early days of the coming session. There would be a short hiatus there. I do not believe that anything serious would inhibit the activities under the bill. Certainly, we would refrain from committing an unwise act with regard to one of the most important areas in the world.

Mr. AIKEN. I do not believe that I would wish to recommit it today. In fact, the House has already acted on it. Neither would I say that any Member of Congress engages in pseudopatriotism, although they do get over enthusiastic before election. But this legislation will come back to us if it has its bad effects.

Mr. FULBRIGHT. We cannot undo a bad effect by insulting nations in this way.

Mr. AIKEN. We can, if the Court will let us.

Mr. FULBRIGHT. What?

Mr. AIKEN. We can undo any bad legislation if the Court will let us. The situation with regard to the Court's decision is far more serious than anything else we have before us at this time, because it involves a change in our form of Government. This situation does not. It is going to call for understanding and tolerance on the part of those two countries which we are trying to help move away from the Communist capital of the world and into more democratic paths.

Mr. FULBRIGHT. I do not quite see it that way. What we are trying to do is to help countries, particularly Yugoslavia, and eventually Poland, to lead their own independent lives and not be dominated by anyone. The United States is not seeking to dominate them. We are trying to give them an opportunity to establish and maintain their independence.

The point which I cannot overemphasize is that to select them out of all of the countries in the world—particularly Yugoslavia, which has had reasonable

relations with this country for a number of years—and give them this gratuitous insult, would be bad for our relation. It would be an insult not only to those countries, but also to other countries with which we have recently had negotiations, such as Rumania. We would be saying indirectly to them, "Well, so long as you call yourselves Communists, no matter how you conduct your internal business you are not friendly to us and we will have nothing to do with you."

There are other countries I can think of, which would not be covered by this provision, but which are causing us a great deal more trouble today than Yugoslavia. I believe that this is an unwise action for us to take and I cannot accept it, so far as I am concerned. I do not believe it is the right kind of procedure, for the Committee on Agriculture and Forestry to intervene in a matter as delicate as this one and cause such trouble for the administration in the conduct of its foreign relations.

Mr. CLARK. Mr. President, will the Senator from South Carolina yield?

Mr. JOHNSTON. I yield.

Mr. CLARK. Mr. President, I strongly endorse what the chairman of the Foreign Relations Committee, the Senator from Arkansas [Mr. FULBRIGHT], has just said.

To me, it is tragic that the Public Law 480 act conference report decided on by conferees from the two Committees on Agriculture and Forestry should bring back for approval to the Senate a provision which so drastically affects the foreign policy of this country, without any reference to the Committee on Foreign Relations which, under rule XXV, is charged with responsibility for our foreign policy insofar as the Senate has cognizance of our foreign policy.

In the past, I have noted that similar actions on the part of the agricultural committees dealing with the sugar problem have affected our foreign policy most seriously and critically.

It seems to me particularly deplorable that the conference report should be brought up this afternoon—to be sure, in accordance with the present rules of the Senate, but containing a provision which was never discussed on the floor of the Senate, never came out of the Senate committee, and never came out of the House committee. It was put in on the floor of the House under circumstances well described by the Senator from Arkansas, and admitted by the able Senator from Vermont. Now, without Senators being given any more than the normal notice—which I agree under the rules is perfectly legal—the Senate is about to perpetrate an insult upon two foreign countries with which we are making earnest efforts to get on better terms, in order, in part, to promote separatism from the Soviet Union, but also, in part, to help ameliorate the cold war.

If the Senator from Arkansas were in a mood to move to have the conference report committed to the Foreign Relations Committee for its observations and some recommendations, I should be glad to support him. I am confident that

there are at least a score of Senators, and perhaps more, who would take the position which the Senator from Arkansas and I are taking today, if they knew that the question was coming up.

I conclude by stating that I shall vote against the conference report and I would support the Senator from Arkansas if he cared to pursue the matter further.

The PRESIDING OFFICER. The question is on the adoption of the conference report.

Mr. FULBRIGHT. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Arkansas will state it.

Mr. FULBRIGHT. A motion to refer the conference report to committee is not in order, is it?

The PRESIDING OFFICER. The Parliamentarian informs the Chair that under rule XXII, when any question is pending, a motion to commit is in order and that it would therefore be in order to refer the conference report to committee.

Mr. AIKEN. The minute that is done, negotiations with probably 50 or 60 countries would stop, because we cannot negotiate for the future if we do not know what is going to be authorized in the future. In an effort to correct what may be an injustice to 2 countries, we do not wish to commit an injustice upon 50 countries.

Mr. FULBRIGHT. The Senator stated a moment ago that the current law continues in effect until December 31. The Senator was talking about trusting us and having confidence in us, even though we would be doing a foolish thing. In this bill, I believe that action could be anticipated after the first of the year, because I know that our surpluses continue as large as ever. I know that the Senator would like to get a bill. I also believe that a bill would be enacted in the coming Congress. I believe it would be the lesser of two evils. I would prefer no bill rather than this bill.

Mr. AIKEN. Our surplus is not so large as ever. We are already receiving orders for far more powdered skim milk than we are able to deliver.

Mr. FULBRIGHT. We have a great deal of wheat on hand.

Mr. AIKEN. Our surpluses on wheat are down to not much more than a normal carryover—probably 150 million bushels in excess of what we should carry over. So wheat supplies are practically down to normal.

Mr. FULBRIGHT. That is largely due to the sale of wheat to Communist countries.

Mr. AIKEN. We may have a surplus of some commodities but in general they are not up, they are down.

Mr. JOHNSTON. Mr. President, I believe that the Senator from Arkansas is finding more in the conference substitute in regard to this question than I believe is in it. The Government has been doing business under Public Law 480 with Yugoslavia and Poland, and it will continue to do so. It has been doing some of that business, at least with Yugoslavia, under title IV of the law; and it will continue to carry on in that par-

ticular field. Therefore, it will not be hindered at all in doing what it wishes to do in carrying on the business as it wishes to carry it on.

On April 28, 1964, Yugoslavia entered into a title IV agreement for commodities worth over \$28 million on the basis of Commodity Credit Corporation cost. On the preceding day Yugoslavia entered into a title IV agreement for over \$39 million worth of commodities. The conference substitute continues the authority for these dollar credit transactions, and Yugoslavia is a "friendly country" for the purpose of title IV.

I believe that if we had not amended the House amendment to keep these countries in the definition of "friendly country" for the purposes of title IV, if we had prohibited all Public Law 480 sales to these countries, we would have had something to argue about. But as it is, they have the right to go ahead and make agreements under title IV.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. FULBRIGHT. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. FULBRIGHT. I had not considered the matter of sending the report to committee. What would be the legislative situation with regard to the report if it were sent to the Committee on Foreign Relations? Would it stay there until the committee acted on it? Would that be equivalent to a rejection of the report?

The PRESIDING OFFICER. The Parliamentarian informs the Chair that under rule XXII, when any question is pending, it is in order to make a motion to commit, and that the report could be committed to the Committee on Foreign Relations, in this instance, for hearings and study. The committee itself would have no ability to modify or amend it; but it could study it.

Mr. FULBRIGHT. Would that prevent any further action on the bill until the Committee on Foreign Relations reported it? Would it then be in the Committee on Foreign Relations, with no further action to be taken by the Senate?

The PRESIDING OFFICER. The Senator from Arkansas is substantially correct. If the report were in the Committee on Foreign Relations, the Senate could not act on it until it was reported back.

Mr. JOHNSTON. The Senate could request that it be sent back. We would have a right to bring it back by motion.

Mr. FULBRIGHT. But the Committee on Foreign Relations could not make a recommendation on the particular provision.

The PRESIDING OFFICER. Only to the extent that it could urge that it be agreed to or rejected.

Mr. CLARK. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CLARK. Would it not be within the rules of procedure of the Senate for the Committee on Foreign Relations

either to take no action until this Congress adjourns, or report the conference report back to the Senate with the recommendation that it be rejected?

The PRESIDING OFFICER. The Chair believes that the Senator from Pennsylvania is correct. That would be subject, however, to the point raised by the Senator from South Carolina, that the committee could be discharged and the conference report agreed to.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. JOHNSTON. I yield.

Mr. FULBRIGHT. Mr. President, I move that the conference report be referred to the Committee on Foreign Relations for its consideration and the taking of testimony on this subject. As I have already stated, neither the Senate Committee on Foreign Relations nor the House Committee on Foreign Affairs has heard any testimony from the Department of State and other responsible parties in the Government with regard to our foreign relations on this subject.

I had not considered this particular approach at all. But I think we have here a good example of bypassing a committee which has the primary jurisdiction of this matter under the rules of the Senate.

Also, a provision has been included without ever soliciting the advice of the administration or any committee.

When the Committee on Foreign Relations occasionally has a bill that may involve a minor tax matter, we always make it a practice to refer it to the Committee on Finance for its advice. And, so far as I can remember, we have always followed their advice. We have some respect for the jurisdiction and expert knowledge of the committee members and staffs in their particular fields.

I am confident that if this matter had been referred to the Committee on Foreign Relations and we had heard testimony on this subject, we would have recommended strongly against this proposal, just as our committee recommended strongly last year the repeal of the action taken in the trade bill on the most-favored-nation clause. It involved practically the same political questions.

Mr. AIKEN. Mr. President, I would say that if it went to the Committee on Foreign Relations, considering the amount of currency involved and the problems relating to the use of such currency, it should also go to the Committee on Banking and Currency, and possibly a few other committees.

Mr. FULBRIGHT. That is for the Committee on Banking and Currency to consider. I had never thought that the Committee on Banking and Currency had any particular interest in foreign currency, most of which currency is not convertible and has no direct bearing upon our domestic affairs.

Mr. AIKEN. Mr. President, inasmuch as the measure provides for prohibiting the charging of some of these costs to the Department of Agriculture—which has been the old favored custom—perhaps we should refer it also to the Committee on Commerce.

Mr. FULBRIGHT. I submit there are certain other sections contained in the

bill in which the Committee on Agriculture has gone very far. With regard to long staple cotton, I had not thought that Public Law 480, a bill to dispose of surpluses, gave authority to direct the Commodity Credit Corporation to subsidize the export of long staple cotton.

We had a bill which dealt with this particular field. It was not Public Law 480. I do not know why that provision was not included in the bill to deal with the general subject of exporting cotton. But it certainly seems to me to be elemental to this particular bill.

I believe that referring the report to the Committee on Foreign Relations would be a very good way of enabling the Department of State and the administration to bring testimony to bear upon this subject. We would then be in a position to present some advice to the Senate concerning the effect of the particular amendment that was included in the House.

Mr. President, I move that the report be referred to the Committee on Foreign Relations, and I suggest the absence of a quorum. I shall insist on a live quorum.

Mr. MANSFIELD. Mr. President, will the Senator withhold that?

Mr. FULBRIGHT. I withhold it temporarily.

Mr. MANSFIELD. Mr. President, I hope that the Senator will reconsider his motion to refer this to the Committee on Foreign Relations. I do so for a number of reasons. I believe it would mean the death of this legislation for the remainder of the year. Its chances for passage next year would be severely hindered. If the Senator were to insist on a live quorum, I believe it would be embarrassing to many Senators. We have had enough embarrassment this week in the matter of quorums. If there had been any indication that this would be the case, enough Senators would have remained to make a quorum.

I hope that the Senator will not press for a live quorum. We could bring a sufficient number of Senators to the Chamber so that a vote might be taken on his motion, and so that the Senator from Pennsylvania [Mr. CLARK] could make a speech which I know he has ready. His speech has to do with the rules and regulations of the Senate.

Mr. President, would the Senator entertain a unanimous-consent request that the Senate reject the conference report and send it back to conference with instructions to delete this amendment?

Mr. FULBRIGHT. I would.

Mr. MANSFIELD. I would be perfectly willing to have it handled in that fashion.

Mr. FULBRIGHT. Mr. President, I move that the Senate reject the conference report, that it be sent back to a conference with the House, and that the Senate insist upon the deletion of the House amendment.

Mr. JOHNSTON. Mr. President, the House has already voted on the bill and approved it. We cannot send it back to conference. That would be out of order.

The PRESIDING OFFICER. The

Parliamentarian informs the Chair that a motion to recommit is not in order.

Mr. FULBRIGHT. Mr. President; I insist upon my motion that the conference report be referred to the Committee on Foreign Relations for hearings and study.

I shall not sit idly by and have a foolish thing done in this manner and have the Committee on Agriculture and Forestry impose upon one of the most important aspects of our foreign relations. I think this is unacceptable procedure. I shall delay it as long as possible.

If there is not a quorum present, the Senate can adjourn. We have been doing it for 2 weeks. It will not be anything unusual.

Mr. MANSFIELD. We can do that. But the Senate will be in session a week or two longer.

Mr. FULBRIGHT. It is an outrageous procedure to come into the Senate with such a report and with so little opportunity for the executive branch, which is responsible for these relations, to be heard. Those in charge of the program are condemned daily in the press for being inefficient. Now the Congress comes along and in this proposed out-of-hand fashion, without any real consideration of what is involved, attempts to impose this kind of obstruction on the conduct of our foreign relations.

Mr. President, so far as I am concerned, I shall not agree to it.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. CLARK. Since reference has been made to a rather lengthy speech which I had in mind making—the lecture is already on my desk—in my opinion the questions raised by the Senator from Arkansas are far more important and critical subjects of our foreign policy than any speech which I might make during the remainder of the day. I should gladly withdraw in support of the position taken by the Senator from Arkansas.

Mr. FULBRIGHT. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. PELL in the chair). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, what is the pending motion of the distinguished chairman of the Foreign Relations Committee?

The PRESIDING OFFICER. The pending motion is the motion of the Senator from Arkansas to refer the conference report to the Committee on Foreign Relations for hearings and study.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that a vote on the motion be taken at 3:30 p.m. tomorrow.

Mr. CLARK. Mr. President, will the Senator yield temporarily?

Mr. MANSFIELD. Yes.

Mr. CLARK. As the Senator from Illinois has pointed out, that means that there will not be any opportunity to debate, because the vote will take up the better part of the hour.

Mr. FULBRIGHT. Mr. President, I suggest to the Senator that there be 1 hour of debate.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that there be 1 hour of debate, to be equally divided between the distinguished chairman of the Foreign Relations Committee [Mr. FULBRIGHT] and the distinguished senior Senator from South Carolina [Mr. JOHNSTON], the time to begin at the conclusion of the vote already agreed to be taken at 2:30 p.m. tomorrow.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The unanimous-consent agreement was subsequently reduced to writing, as follows:

UNANIMOUS-CONSENT AGREEMENT

Ordered, That on Thursday, September 24, 1964, 1 hour after the Senate votes on the substitute amendment (No. 1273) to H.R. 1180, the Senate proceed to vote on the question of referring the conference report on S. 2687 (to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes) to the Committee on Foreign Relations for hearings and study, with the time to be equally divided and controlled by the proponents [Mr. FULBRIGHT] and the opponents [Mr. JOHNSTON].

Mr. JOHNSTON. Mr. President, in order that Senators may be further advised on the actions taken by the conference committee, I would like to make a short explanation of the provisions of the conference substitute at this time. The House amendment to S. 2687 struck out all after the enacting clause and inserted new material. The conference report provides a substitute for the House amendment. The conference substitute, like the Senate bill, provides for a 2-year extension of titles I and II of Public Law 480. The new authorization for title I would be \$2.7 billion, as provided by the Senate bill, while the new authorization for title II would be \$400 million annually, instead of \$375 million annually, as provided by the Senate bill.

Several provisions were contained in both the Senate bill and the House amendment, and these provisions are, of course, included in the conference substitute. These were the provisions dealing with exchange rates, the use of title I currencies for internal security purposes, annual—instead of semiannual—reports by the President, and sale of title I currencies to U.S. citizens. All of these provisions are in the conference substitute exactly as the Senate passed them.

Other provisions of the Senate bill which were not contained in the House amendment have been included in the conference substitute either exactly as passed by the Senate or identical in substance. These were the provisions dealing with convertibility of title I currencies to dollars, budget presentation of the program under the heading of international affairs and finance, removal of the 25-percent ceiling on so-called Cooley loan funds, use of foreign currencies to

pay U.S. obligations to the host country, and use of title I to assist friendly nations to be independent of trade with Communist China.

The provisions of the Senate bill over which there was most dispute in conference were those dealing with freight and interest rates, the period of extension, appropriation control over title I foreign currencies, and export sales of extra-long-staple cotton. These provisions have been included in the conference substitute generally in accord with the manner in which they were dealt with in the Senate bill. They were treated as follows:

The provision of the Senate bill prohibiting Commodity Credit Corporation from financing ocean freight charges except to the extent of the differential above the world rate resulting from application of cargo preference is included in the conference substitute. However, the conference substitute makes it effective beginning with agreements entered into after December 31, 1964, so that it will not require us to default on agreements heretofore entered into or to renegotiate agreements now ready for signing. The conference substitute also requires that the agreement require the purchasing country to pay the basic ocean freight in dollars. It was, of course, always intended that the purchasing country should pay the basic freight charge in hard currency. Inclusion of this requirement in the agreement, however, will provide the shipowners with assurance that they will receive full payment in dollars. This provision affects only the financing of ocean freight charges up to the world market rate by the Commodity Credit Corporation. No change is made in the implementation of the cargo preference laws and, except for such financing, the Commodity Credit Corporation may continue to facilitate commercial arrangements for payment of the full ocean freight charges.

The provisions dealing with the periods of extension of titles I and II are contained in the conference substitute exactly as they were in the Senate bill. The Senate provided for a 2-year extension. The House provided for 3 years. The substitute provides for 2 years. The authorization for title I in the conference substitute is \$2.7 billion, as it was in the Senate bill, while the title II authorization is \$400 million annually instead of \$375 million annually as provided in the Senate bill. The House amendment provided for \$450 million annually.

The Senate bill required that loans under title I bear interest at not less than the cost of funds to the Treasury. The conference substitute retains this provision, but permits the President upon the recommendation of the advisory committee in specific instances to designate a different rate.

The Senate bill also required the interest on title IV sales to be at least equal to the cost of funds to the Treasury. The conference substitute requires a minimum interest rate equal to the Development Loan Fund rate, to provide for consistent treatment of these loans.

The Senate bill required that all grants of foreign currencies and all use of loan principal and interest repayments be subject to appropriation control. In lieu of this provision, the conference substitute provides that no agreements or proposals to grant foreign currencies—except for military assistance—or to use loan principal and interest repayments, without appropriation, can be entered into or carried out unless they are first transmitted to the Senate and House agriculture committees and are not disapproved by them. The committees have 30 days in which to disapprove if the proposals are transmitted while Congress is in session, 60 days if Congress is not in session. The conference substitute also provides for an advisory committee consisting of the chairman and ranking minority members of the Senate and House agriculture committees, and three members from the executive branch. The conferees believe that these provisions of the substitute will provide adequate congressional control over grants and uses of loan payments.

The Senate bill required the Commodity Credit Corporation to sell surplus Extra Long Staple cotton at competitive prices for export, and the conference substitute contains this provision with some refinements suggested by the Senator from Arizona [Mr. HAYDEN] who was the author of the original provision, and an additional sentence excluding the extra exports resulting from sales under this provision from marketing quota computations. Since the provision is designed to remove the surplus, the conferees did not want it to result in the growth of a new surplus of equal size.

There were also a number of provisions in the House amendment which were not contained in the Senate bill in any form, and these provisions were disposed of as follows:

The Whitten amendment imposing additional restrictions on loans or grants which might in some way increase production of agricultural commodities was omitted from the conference substitute.

The House provision requiring at least 20 percent of the title I foreign currencies to be subject to appropriate process, unless waived by the President, is included in the substitute.

The Rogers amendment, which would have prevented title I and IV sales to countries whose ships or planes go to Cuba, was limited in the conference substitute to title I. Title IV transactions may be entered into with countries affected by this provision, and if title IV transactions with such countries would otherwise be prohibited by some other act, title IV credit for such countries would be limited to 5 years. The purpose of the conferees was to shift transactions with these countries from the soft currency sales of title I to the hard currency sales of title IV. At present there is authority for title I or title IV sales to Yugoslavia. The authority for title I sales would be terminated, but title IV sales could be made to Yugoslavia exactly as in the past. Poland is at present eligible for title I sales, but not for title IV sales because of the provisions of the Battle Act. Under the conference

substitute Poland would no longer be eligible for title I sales, but would be eligible to purchase commodities under title IV for dollars on not to exceed 5 years installment credit.

The House amendment contained a provision authorizing the use of title II funds for the purchase of title I foreign currencies to be used to assist in carrying out title II and III programs and to alleviate the causes of the need for title II and III assistance. The conference substitute limited this authority to \$7.5 million per year.

The Roosevelt amendment prohibiting assistance to aggressor countries, with some revision, has been included by the conference substitute in the definition of "friendly nation."

The Findley amendment defining "friendly nation" to exclude all Communist countries has been limited to title I, with provision for title IV sales for dollars to countries excluded by this provision from title I transactions. Countries which but for this provision would be excluded by other law from title IV transactions would be limited to installment credit of not more than 5 years. This provision was treated by the conference substitute in exactly the same manner that the conference substitute dealt with the Rogers amendment. The conference substitute merely shifts sales to Yugoslavia and Poland from the soft currency provisions of title I to the more businesslike dollar credit provisions of title IV. Yugoslavia is already making purchases under title IV.

The House provision requiring food donations under section 416(4) of the Agricultural Act of 1949 to be directed toward community and other self-help activities has been included in the conference substitute.

SENATE RULES AND PROCEDURE

Mr. CLARK. Mr. President—

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. CLARK. Mr. President, may I say parenthetically to my colleagues that I expect to speak for possibly as much as 1½ or 2 hours on matters dealing with the rules, practices, and procedures, of the Senate, in which case many of our colleagues may want to absent themselves.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. CLARK. I yield.

Mr. SPARKMAN. I wonder if the Senator will permit me to make remarks that will take about 2 or 3 minutes?

Mr. CLARK. Mr. President, I ask unanimous consent that I may yield to the Senator from Alabama without losing my right to the floor.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

HOUSING LOANS UNDER ALLIANCE FOR PROGRESS

Mr. SPARKMAN. Mr. President, in recent weeks, questions have been raised about our Government's policy in pro-

Mr. BOGGS. Mr. Speaker, I move a call of the house.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 261]

Abele	Ford	Multer
Alger	Foreman	O'Hara, Mich.
Arends	Forrester	Olson, Minn.
Ashley	Fraser	Patman
Aspinall	Fulton, Pa.	Pilcher
Avery	Fulton, Tenn.	Pillion
Barry	Gibbons	Pool
Bass	Gill	Powell
Battin	Goodell	Quillen
Becker	Grant	Rains
Berry	Green, Oreg.	Reid, N.Y.
Blatnik	Griffiths	Reifel
Bolton,	Gubser	Rhodes, Ariz.
Oliver, P.	Hanna	Rivers, Alaska
Bonner	Hansen	Rogers, Tex.
Brademas	Harding	Roosevelt
Brock	Harvey, Ind.	Roybal
Bromwell	Hawkins	Scott
Brown, Calif.	Healey	Selden
Bruce	Hébert	Sennner
Buckley	Herlong	Sheppard
Burton, Utah	Hoffman	Shipley
Byrnes, Wls.	Horan	Sibal
Carey	Jones, Ala.	Siler
Casey	Karth	Snyder
Cederberg	Kee	Staebler
Celler	Kilburn	Taft
Clausen,	King, Calif.	Teague, Tex.
Don H.	Kyl	Thompson, La.
Clawson, Del	Latta	Thompson, Tex.
Cohelan	Lesinski	Toll
Conte	Lindsay	Tollefson
Corbett	Lloyd	Ullman
Corman	McClory	Vinson
Davis, Ga.	McIntire	Waggonner
Davis, Tenn.	McLoskey	Weltner
Dawson	MacGregor	Westland
Denton	Martin, Mass.	White
Diggs	Martin, Nebr.	Willis
Dorn	Matsunaga	Wilson, Bob
Duncan	Meador	Wilson,
Edmondson	Michel	Charles H.
Evins	Miller, N.Y.	Wilson, Ind.
Finnegan	Montoya	
Flynt	Moss	

The SPEAKER. On this rollcall 296 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

EIGHTH ANNUAL REPORT ON OPERATION OF TRADE AGREEMENTS PROGRAM—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 366)

The SPEAKER laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, referred to the Committee on Ways and Means and ordered to be printed:

To the Congress of the United States:

I hereby transmit the eighth annual report on the operation of the trade agreements program, in accordance with section 402(a) of the Trade Expansion Act of 1962.

Throughout 1963, intensive preparations went forward for the negotiations made possible by this act—the sixth round of trade negotiations under the auspices of the General Agreement on Tariffs and Trade. During this same year, U.S. and free world trade continued to set new records, and important steps were taken to expand our exports further.

U.S. exports reached a new high of \$22.3 billion, \$5.1 billion more than our imports.

U.S. farm exports rose to \$5.6 billion, an all-time record.

Free world trade continued to grow, with exports climbing to a record \$135 billion.

Further progress was made in freeing U.S. exports of foreign restrictions.

Government-industry cooperation in the promotion of our exports was stepped up, notably by the White House Conference on Export Expansion in September 1963, and the subsequent establishment of the Cabinet Committee on Export Expansion.

The desire of the less-developed countries to play a greater part in international trade received increasing consideration by GATT and by the United States.

The Trade Expansion Act of 1962 will, I am sure, rank as one of the greatest monuments to President Kennedy's leadership, and I reaffirm the commitment of my administration to its full and vigorous implementation.

I hope that our friends in other countries will neither underestimate nor undervalue the strength of American support for trade liberalization.

We are willing to offer the free nations access to our American markets—but we expect, and we must have, access to theirs as well. That applies to our agricultural as well as our industrial exports.

These are not the kind of negotiations in which some nations need lose because others gain. Their success will be to the advantage of all. They offer the opportunity to build a partnership for progress and prosperity among the industrial nations of the free world, and between them and the developing nations.

At home, we are moving to eliminate poverty among all Americans. We believe that a giant step can be taken against poverty everywhere if the free nations can work together to overcome needless obstacles to the flow of trade among them.

LYNDON B. JOHNSON.

THE WHITE HOUSE, September 23, 1964.

ACTIVITIES OF MY REPUBLICAN OPPONENT

(Mr. VAN DEERLIN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. VAN DEERLIN. Mr. Speaker, there is contained in holy writ, "Judge not lest ye be judged."

Mr. Speaker, I am informed that yesterday afternoon in the city of La Mesa, Calif., a part of my district, my Republican colleague from the 36th District of California leveled an attack against me in behalf of his brother who is a candidate in my 37th District.

My colleague from the 36th District charged me with coming back to Washington and canceling out all of his good economy votes.

Mr. Speaker, I shall overlook for the present the implications of his appearance in a colleague's district to speak against him. I would point out only that

at the time my colleague was thus addressing the people of La Mesa, we in the House were voting on a supplemental appropriation bill in the amount of \$998 million.

I feel that my colleague's economy bent cannot be well implemented by making speeches in La Mesa when votes on money bills are underway here on the floor of the House.

Mr. Speaker, I would admonish him that if he is really serious on this economy drive he should return forthwith to the city of Washington, where the voters sent him, in order to do the job that we are doing here today.

PUBLIC LAW 480 EXTENSION

Mr. COOLEY. Mr. Speaker, I call up the conference report on the bill (S. 2687) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of Sept. 22, 1964.)

Mr. COOLEY. Mr. Speaker, the distinguished gentleman from Texas [Mr. POAGE], vice chairman of the House Committee on Agriculture and chairman of the subcommittee that conducted the hearings on the pending bill, which is commonly known as Public Law 480, and who served as one of the House conferees, is entirely familiar with all of the pertinent facts and circumstances involved in all the programs which have been in operation pursuant to the authority contained in the basic law. I am certain that he will be able to answer all questions which might be propounded. I shall, therefore, yield to the gentleman from Texas [Mr. POAGE]. But before doing so I shall make only a few brief remarks and observations.

The programs which have been undertaken pursuant to the authority contained in Public Law 480 have worked successfully and well through all the years that such programs have been in operation. These programs have been remarkably free from criticism. Surplus commodities valued at more than \$16 billion have been disposed of through the programs. We have alleviated hunger in many parts of the world. Assistance has been rendered to perhaps 100 million people and the program has been carried on in many far distant lands. Through these programs we have made many friends throughout the world. We have shared our abundance with less fortunate people but even now our warehouses are filled with vital food and fiber. I believe that these programs should be continued. The bill before you authorizes a continuation of these very worthwhile and beneficial programs.

In the languages of this earth there are two majestic and magic words—food and fiber. Here in America we have an abundance of food and fiber. No nation has ever embarked upon programs more magnanimous or of such great magnitude as the programs which we have authorized and which will be continued upon passage of this bill. We have fed hungry people, yes, we have fed little children and we have helped to rehabilitate and to strengthen people of other nations. We now call it the food-for-peace program. In carrying out the authority contained in the basic law, we have given to the executive branch of the Government every possible legislative authorization to use these commodities to relieve hunger wherever the need for such relief is shown. The conference report is unanimous and I do not believe that it will be controversial.

I shall not attempt to discuss the details of the program but shall leave that to my colleague, BOB POAGE. I now yield 15 minutes to the gentleman from Texas [Mr. POAGE].

Mr. POAGE. Mr. Speaker, this conference report has the unanimous support of all the conferees—those of both the House and Senate and those on both sides of the aisle. We believe it is a good report. It is, of course, a compromise. It does contain most of the provisions which the House passed as well as most of the provisions that the other body inserted in their legislation.

We have made a number of changes in language which I feel should be called to your attention. You have just heard the reading of the statement of the managers on the part of the House which gives a rather detailed account of the compromises that were effected. I do not want to repeat but I have been asked to explain the details of the conference action. Therefore, I should like to take the report and go through it as hurriedly as I can and point out the action taken on each section. Section 1 relates to the exchange rate which the United States is to receive in the beneficiary countries. It provides very definitely that this country shall receive the highest applicable legal exchange rate granted in that country and in no event shall that rate be less than the most favorable rate granted to any other country in the world for the same kind of transaction.

Section 2 is a new subsection and provides for the convertibility of currencies "to the extent consistent with the effectuation of the purposes of this act" and again it requires that the maximum amount possible of these currencies be made convertible and in any event enough to pay the costs to the United States for all U.S. Government purposes in the host country. In all frankness, this relates primarily to the Suez Canal, and makes it a requirement that in any future agreements which might be entered into with the United Arab Republic enough of the funds will be made convertible to pay the tolls which the U.S. Government might have to pay for use of the canal.

Section 3 relates to ocean freight, and is a matter of considerable interest to a

great many Members of the House. The House bill did not contain any provision relating to ocean freight whatsoever. The Senate bill provided that all of the basic freight—that is, the lowest freight rates available to world shippers, whether shipped in American or foreign bottoms—should be paid by the foreign country. We have in this compromise provided that the foreign country shall pay the basic freight and that to the extent that the goods are shipped in American bottoms they must pay it in dollars. That is to protect American shipping. It means American ships will get that basic part paid in dollars even though it is paid by the foreign country, and the compromise provides that the U.S. Government shall continue to pay the difference between the world rate and the American rate on that portion of the goods shipped in American bottoms. Of course, this part is also paid in dollars.

We will save our Government a substantial amount of freight but this conference report does not change in any respect this provision which has long been in the law that 50 percent of the goods be shipped in American bottoms. It protects American shipping interests while giving at least some little relief to American taxpayers.

Section 4 simply requires that in budgeting these amounts that these expenditures be charged to the international assistance program rather than be charged to Agriculture.

Section 5 fixes the total authorized expenditures under title I, which is the title authorizing the sale of commodities for foreign currencies. Since we have changed the term of the bill from 3 to 2 years we have likewise reduced the amount of money that could be expended during that period of time. The expenditure per year will be just slightly more than the amount authorized in the House bill.

Section 6 makes no change in the wording of the House bill, as you passed it. It simply provides that we strike out the word "military" and after the words "common defense" insert "including internal security," which makes it clear that we can use this program to carry on our military aid in nations like Vietnam and Korea with no chance that someone would claim that we were not authorized to cooperate with the local government in supporting internal security efforts.

Section 7 relates to the "Cooley" loans. There has been a limitation on the amount of these funds that could be used for Cooley loans. Cooley loans are those loans which are made in foreign currencies which we have acquired from the sale of these commodities to private concerns or investors who want to invest in the development of the host country. It was the thought of your committee and of your conferees that these Cooley loans are one of the best means of using the proceeds of these sales. They use the proceeds to develop the country in the interest of American investors and use the private enterprise system to do it. We have taken off all limitations as to the amount of the

funds which can be used for Cooley loans and have inserted instead a provision that as much of these funds as can be prudently used for Cooley loans shall be so used. We think that this will help American investors as well as local people.

Section 8 provides that we shall set up an advisory committee, as was set out in the House bill, to advise with the Executive as to the use of these funds over the world. This committee is one which includes the chairman of the Agriculture Committee of the House and the ranking minority Member in the House and the comparable officials on the other side of the Capitol. We believe that it provides for a closer liaison between the legislative and the executive than we have ever had before.

The second paragraph of that provision is new. It specifically requires that this committee "shall be consulted" with respect to the policies relating to loans under this title I, and that it shall be consulted in regard to proposals to establish interest rates for dollar sales under title IV.

The third paragraph of that same section is a provision inserted at the request of the Senate to require a review by committees of the House and Senate of projects which are presented by the Executive with the authority of the committee to reject or to disapprove any proposed grant or expenditure of the funds that are obtained from the repayment of any of the moneys loaned under the provisions of this bill—another control on the part of the Congress.

Section 9 provides that not less than 20 percent of the funds shall be available for U.S. Government purposes. The effect of this is to give the Appropriations Committee an opportunity to use more of these funds—through the purchase of "counterpart" with dollars if it wants to do so. The reason for making this effective the first of the year is that there are outstanding agreements at the present time that have been negotiated and should be carried out under the terms of the existing law.

Mr. FINDLEY. Mr. Speaker, will the gentleman yield?

Mr. POAGE. I yield to the gentleman.

Mr. FINDLEY. Just for the purpose of clarification, do I understand correctly that this provision of the conference report would enable either of the agricultural committees of the Congress to, in effect, nullify any grants of U.S.-owned foreign currencies within 30 days if the Congress is in session or 60 days, if not. Am I correct, sir?

Mr. POAGE. Not quite. If I may explain it a little more clearly; in the first part of this section which relates to the establishment of a committee, which was in the House bill, it provides for the establishment of a special committee composed of the three representatives of the executive and four representatives of the legislative branch. That is the committee or commission which would review and consult about any of the agreements which might be currently being made. Under these and under existing agreements you get repayments which are an-

anticipated to run in the neighborhood, I believe, of \$300 million during the next 2 years. It is only as to the proceeds generated by those repayments of funds that that third paragraph relates, only to repayment of funds which have previously been loaned or advanced to the foreign countries.

The first two paragraphs relate to the original agreements under which we send the agricultural commodities to the country. Then for the repayments made under these agreements the third paragraph steps in and is applicable, and there, any use of those funds—any use of them must be referred to the House committee and Senate committee and either the House or Senate committee can reject that use if they want to.

Mr. FINDLEY. That use, meaning the proposed grant right—one example of that use would be a grant if it was for nonmilitary purposes; is that correct?

Mr. POAGE. I understand that any grant in an original agreement would have to be referred to the committee as is provided was the House bill. As to any use of the original funds, you could not make any grant of the repayment funds without referring it to the House and Senate.

Mr. COOLEY. Mr. Speaker, will the gentleman yield?

Mr. POAGE. I yield to my chairman.

Mr. COOLEY. Just for the sake of accuracy, is not that language applicable? It makes funds from loan repayments—they all have to be submitted for the consideration of the committee?

Mr. FINDLEY. That is my understanding of the way the language reads.

Mr. COOLEY. Is that not correct?

Mr. FINDLEY. That is my understanding of the language at the bottom of page 2 of the committee report.

Mr. COOLEY. That is right.

Mr. FINDLEY. That is the way it reads to me.

Mr. POAGE. I think the gentleman is correct. I do not mean to say that a grant of funds, whether in the original agreement or out of repaid funds, could be made without a veto right in the two regular committees. Any agreement or proposal to grant currencies would have to come to both committees so far as that is concerned.

Mr. COOLEY. Whether they are repayment funds or not?

Mr. POAGE. That is right—if it were a grant. But if they were regular loans in the original agreement they would come only to the advisory committee. On the other hand a pure grant would be subject to consideration both by the special committee and by the regular committees of both Houses.

Section 10 provides that the interest rate on these loans of foreign currencies which are made to beneficiary countries shall be as high as that of the cost of funds to the U.S. Treasury, with a proviso that the President may make a specific finding on the recommendation of the advisory committee that a different rate should be designated. It requires not merely a Presidential finding but also a recommendation of the advisory com-

mittee, on which the legislative branch will be represented.

Section 11 is, I believe, the most controversial section in the report. This is a combination of the Findley, the Rogers, the Bolton, and the Roosevelt amendments. We have made these limitations applicable only to title I, because titles II and III relate to gifts. Certainly we do not want to make them applicable where there is a disaster or where we are making a gift.

× Title IV relates to sales for U.S. dollars. We felt it was inadvisable to limit the sales for U.S. dollars, so we have not made these amendments applicable to title IV except to the extent of some legislation—we believe there is some existing legislation—which may prohibit the use of title IV in Poland. We have therefore, provided that sales can be made for dollars under title IV but that the term of credit may not exceed 5 years. Generally under title IV there is a 20-year limitation. We have tried our best to keep the spirit of the amendments which the House put on and which were not put on by the Senate, but we have tried to make them flexible enough to enable the program to function.

We have tried to keep the spirit that there are to be greater restrictions on the use of these funds in selling commodities to Poland and Yugoslavia; however, we have made it clear that if they are paying in dollars they should get as much as 5 years credit. ×

We have provided, in determining what country may be an aggressor, that it shall be up to the President to make that determination, and we only require that he do it when he feels that a specific country is guilty of aggressive acts. If he finds any country to be an aggressor, there can be no trade with the country under this bill. We do not, however, require the President to offer needless insults nor to make any decisions until a country has taken aggressive steps.

We have also added a proviso which I believe appears a little further on, in the mechanics of the bill, which relates to this same general question of restricting trade with communistic countries. This is section 16, which adds Red China along with the Soviet Union as one of those countries which by name cannot participate in this program, and domination by which would disqualify any other country.

Mr. SPRINGER. Mr. Speaker, will the gentleman yield?

Mr. POAGE. I yield to the gentleman from Illinois.

Mr. SPRINGER. I should like to ask the distinguished gentleman whether anything has been done by the Congress, insofar as he knows, which would change the original spirit of Public Law 480, as to all titles.

Mr. POAGE. No. I believe, taking it as a whole, we have retained very well the basic spirit of the law. We have put in a good many items to tighten it up. Taken as a whole, this conference report will tighten up considerably the use of Public Law 480, but it will still leave a usable and workable program which can

be used to dispose of our agricultural commodities, to the advantage both of the United States and of foreign countries.

Mr. SPRINGER. May I ask the distinguished gentleman one further question? Generally speaking, this program has become known now rather more under the name of the food-for-peace program than the Agricultural Trade Development and Assistance Act.

What has happened in the conference between the House and the Senate has not interrupted this food-for-peace program, has it?

Mr. POAGE. I do not think we have interrupted the food-for-peace program at all. Food for peace is not a name that has ever been in the statutory history of this program.

Mr. SPRINGER. I understand that, but nevertheless it is beginning to take on that pseudonym at the present time.

Mr. POAGE. Yes, that is true, but I like to think of this program as basically a program for the orderly disposal of our agricultural surpluses in a way which will give the greatest possible benefit to our friends abroad as well as to American taxpayers.

Mr. SPRINGER. And what has been popularly known in the press of the United States as Public Law 480. Has there been anything done in the conference which would change this popular approach to the law of the land?

Mr. POAGE. No. I do not think there has been a thing done here that will change that approach at all.

Mr. SPRINGER. And we are still here pursuing, at least under one title, what we generally know as the food-for-peace program?

Mr. POAGE. Yes; I think under all four titles. All of them tend to carry out the objectives of food for peace.

Mr. SPRINGER. I thank you.

Mr. POAGE. Section 12 relates only to the requirement for reports. It is in both bills. It requires yearly reports rather than each 6 months.

Section 13 makes the authorization for funds for title II correspond with the change hereto made in the period of the bill—from 3 to 2 years.

Section 14 is what is known as the Matthews amendment. You will recall that this amendment allows the use of title II funds for the purchase of tools, and so forth, to aid in developing self-help projects instead of direct aid.

Section 15 is the change from 3 to 2 years.

Section 16 has been explained.

Section 17 makes the provisions of title IV of this act—the title relating to sale for dollars—conform in interest to the provisions of the Development Loan Act.

The last section of the bill is a rider placed on the bill in the other body. It has no relation to Public Law 480. It relates to the sale of extra-long staple cotton. It seems to have general approval of those involved.

Mr. Speaker, I realize my time is exhausted. I hope this covers all of the items in this report, and that you will accept the action of your conferees.

the provision in the House bill banning further title I deals with Poland and Yugoslavia.

I would also point out the conference report sets up an advisory committee, and also requires advance notice to Congress of certain provisions in proposed agreements. Approval of certain transactions could be blocked by an adverse report of either the House or Senate Agriculture Committee.

IMPORTANT TO KANSAS WHEAT PRODUCERS

Public Law 480 has a tremendous economic impact on some agricultural commodities including wheat.

The United States has exported about 3½ billion bushels of wheat under Public Law 480. This is equal to three average U.S. crops. Shipments under the program in the fiscal year 1964 were equivalent to 43 bushels out of every 100 bushels of wheat U.S. farmers harvested in 1963.

In terms of value, total U.S. agricultural exports in the 1964 fiscal year reached \$6.1 billion. Of this total, \$1.5 billion or about 25 percent, represented shipments under Public Law 480.

I urge adoption of the conference report.

Mr. GROSS. Mr. Speaker, it is a privilege to join with the gentleman from Illinois [Mr. FINDLEY] and others, who have paid tribute to my colleague from Iowa, the Honorable CHARLES B. HOEVEN.

CHARLIE HOEVEN has had a long and distinguished career in the Congress of the United States and we of the Iowa delegation greatly regret that it has been his decision to retire as a Member of the House.

Through his many years of service in the House, CHARLIE HOEVEN has been a stalwart in the ranks of the conservatives, always deeply concerned by irresponsible fiscal policies, and the steady erosion of the Constitution with the precious freedoms it sought to guarantee to the individual citizens of this Nation. Never, to my knowledge, did he waver in his opposition to those policies and programs which he was convinced were not in the best interests of this constitutional Republic.

We regret his decision to retire, yet we wish he and Velma, his wife, the years of happiness and contentment they have abundantly earned through years of faithful service.

(Mr. COOLEY asked and was given permission to revise and extend his remarks.)

The SPEAKER pro tempore. The question is on the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

DESIGNATION AND ADMINISTRATION OF THE ICE AGE NATIONAL SCIENTIFIC RESERVE (WISCONSIN)

Mr. SISK. Mr. Speaker, by direction of the Committee on Rules I call up House Resolution 882 and ask for its immediate consideration.

The Clerk read as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that

the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 1096) to authorize the Secretary of the Interior to cooperate with the State of Wisconsin in the designation and administration of the Ice Age National Scientific Reserve in the State of Wisconsin, and for other purposes. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Interior and Insular Affairs, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommend.

Mr. SISK. Mr. Speaker, I yield 30 minutes to the gentleman from Illinois [Mr. ANDERSON] and pending that I yield myself such time as I may consume.

Mr. Speaker, House Resolution 882 provides for consideration of H.R. 1096, a bill to authorize the Secretary of the Interior to cooperate with the State of Wisconsin in the designation and administration of the Ice Age National Scientific Reserve in the State of Wisconsin, and for other purposes. The resolution provides an open rule with 1 hour of general debate.

The proposed Ice Age National Scientific Reserve will comprise about 32,500 acres. The largest of the three principal areas to be included within it is the Kettle Moraine and Campbellsport area, comprising 17,000 acres within 20 to 30 miles of Milwaukee. The next largest, the Bloomer area, lies in the northwestern part of Wisconsin within 100 miles of Minneapolis and St. Paul and includes 10,000 acres. The third is the Devils Lake area, not far from Madison, comprising 3,500 acres. Other small areas which may also be included will total about 2,000 acres.

The primary value of the reserve is to the Nation's scientific community. It will include what is regarded as the best collection of remnants of the ice age anywhere in the world. In addition, the reserve will include many beauty spots which can be enjoyed by those who visit it for outdoor recreation.

H.R. 1096 would provide for Federal cooperation with the State of Wisconsin in the formulation of a comprehensive plan for the preservation and interpretation of these areas, and to authorize financial assistance to the State in acquiring such of the lands included within the reserve as are not now owned by it.

Mr. Speaker, I urge the adoption of House Resolution 882.

Mr. ANDERSON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I do not know whether the gentleman from California [Mr. SISK] mentioned this or not, but I think this is the third time this has been before the House in recent months.

The first time it was brought up on the Consent Calendar. Objection was made, I believe by the gentleman from Iowa [Mr. KYL]. It then was considered along

with approximately 10 or 12 somewhat similar bills under suspension of the rules about 6 weeks ago. At that time the bill received a majority vote I think of 164 to 154, but of course this was not the necessary two-thirds and the rules were not suspended and the bill was not passed.

This bill actually came to my personal attention, I might say, about a year ago, long before the matter had come to the attention of the Congress in any of these three instances I have just cited. I was contacted by the North Central Ornithological Society, an organization of bird lovers in my own congressional district. The officers of that organization were deeply interested in this particular bill and urged me at that time to support its passage.

I made some investigation of the matter and was frankly not aware at that time of what I have since learned; namely, of the reservations and, indeed, the objections to this measure by my colleague, the gentleman from Wisconsin [Mr. VAN PELT]. Certainly I want to say at this point there is no Member of the House for whom I have any greater affection or deeper regard or who I think has served the people of his district in a more distinguished fashion than the gentleman from Wisconsin. Frankly, it pains me on this occasion to find myself in opposition to that which I know he in good conscience and out of respect for his duty as the Representative from that district would have me favor.

In the hour of debate that has been allotted to discuss this matter, I hope that certain matters will be made perfectly clear, because, frankly, my support for this legislation was predicated on the statement contained in the report which came with this bill which says that when H.R. 3846 is enacted, that is, the land and water conservation fund bill that passed this House a few weeks ago, the committee, which I think is the Committee on Interior and Insular Affairs, will expect the contributions made under the present bill to the State of Wisconsin to be taken into full account in determining the State's share of appropriations under H.R. 3846. In other words, there is not going to be any great bonanza given the State of Wisconsin under the legislation. They would be credited to the funds it would otherwise be entitled to under the land and water conservation fund bill, if this bill is passed. That is in the report made by the Committee on Interior and Insular Affairs, from which this bill was reported.

Mr. REUSS. Mr. Speaker, will the gentleman yield?

Mr. ANDERSON. I yield to the gentleman from Wisconsin.

Mr. REUSS. I just wanted to reassure the gentleman that the understanding of the gentleman from Illinois is entirely correct, and that his understanding is shared by all concerned.

Mr. ANDERSON. I am delighted to have that interpretation and help from the gentleman, because I think it should contribute rather conclusively to the legislative history of this particular bill.

The other point I would make, and it was the basis on which my support was

Digest of CONGRESSIONAL PROCEEDINGS

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HIGHLIGHTS: Senate agreed to conference report on Public Law 480 bill (ready for President). Senate passed foreign aid authorization bill. Rep. Cramer submitted minority views on Appalachia bill.

SENATE

1. PUBLIC LAW 480. By a vote of 54 to 11, agreed to the conference report on S. 2687, to extend the Public Law 480 program (pp. 22057-67). By a vote of 24 to 46, rejected a motion by Sen. Fulbright to refer the conference report to the Foreign Relations Committee for hearings and study (pp. 22057-64). This bill will now be sent to the President. See Digest 182 for a summary of the bill.
2. FOREIGN AID. By a vote of 44 to 16, passed with amendments H. R. 11380, the foreign aid authorization bill (pp. 22025-7, 22030-57, 22067-78). Conferees were appointed (pp. 22078). House conferees have not yet been appointed.
3. ROADS AND TRAILS. Passed without amendment H. R. 12289, to establish a committee to develop plans for marking the route traversed by Lewis and Clark from St. Louis to the Pacific. A similar bill, S. 3116, was stricken from the Calendar. This bill will now be sent to the President. p. 22153

4. APPALACHIA. Resumed consideration of S. 2782, to provide public works and economic development programs and the planning and coordination needed to assist in the development of the Appalachian region. p. 22153
5. STOCKPILING. Passed without amendment H. R. 12091. to authorize the disposal without regard to the prescribed 6-month waiting period of approximately 9,500,000 pounds of sisal from the national stockpile. This bill will now be sent to the President. p. 22138
6. EMPLOYMENT; COMMITTEES. Passed without amendment S. 3174, to amend the Employment Act of 1946 so as to remove the ceiling on appropriations for the Joint Economic Committee. p. 22153
7. FOOD ADDITIVES. Passed over, at the request of Sen. Mansfield, H. R. 12033, to authorize the Secretary of HEW to permit until Dec. 31, 1965, under certain conditions, the continued use of certain food additives and pesticide chemicals which were in commercial use before Jan. 1, 1958, but which have not been cleared for use under the Federal Food, Drug, and Cosmetic Act. p. 22153
8. APPROPRIATIONS. The "Daily Digest" states that the Appropriations Committee concluded hearings on H. R. 12633, the supplemental appropriation bill for 1965, and will meet in executive session Tues., Sept. 29, to mark up the bill. p. D791
Received from the President supplemental appropriation estimates of \$1,024,994 to pay judgments rendered against the U. S. (S. Doc. 101). p. 22078
9. COMMUNICATIONS; GENERAL SERVICES. Received from GAO a report "on unnecessary costs to the Government for commercial long-distance telephone calls made by Federal agencies in the San Francisco region between cities served by the Federal Telecommunications System, General Services Administration." p. 22078
10. ADMINISTRATIVE PROCEDURE; INTERSTATE COMMERCE. Sen. Dirksen inserted an address by a member of the Federal Trade Commission, "Agency Decisionmaking: Adjudication by the Federal Trade Commission." pp. 22088-9
11. MONETARY REFORM. Sen. Javits stated that the U. S. now favors liberalizing the international monetary system and inserted several items on the matter. pp. 22127-9
12. ELECTRIFICATION. Sen. Dominick commended the announcement of the Colo. Public Service Co. and by other public service companies "of the formation of a new group called the Western Energy Supply & Transmission Associates for the purpose of putting together the largest regional electric power development program ever planned." pp. 22129-30
13. LEGISLATIVE PROGRAM. Sen. Mansfield expressed hope that the Senate could complete action on S. 2783, the Appalachia bill, Fri., Sept. 25. pp. 22067, 22153-4

Mr. MANSFIELD. The amendment has not yet been offered.

The PRESIDING OFFICER. Is there objection to the unanimous-consent agreement proposed by the Senator from Montana?

Mr. RUSSELL. Mr. President, I should like to have the unanimous-consent request restated. I did not understand that part about voting immediately on an amendment without debate.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. MANSFIELD. We have asked for an agreement that debate on each amendment be limited to 1 hour, the time to be equally divided and controlled by the mover of any such amendment or motion and the majority leader, provided that in the event the majority leader is in favor of any such amendment or motion, the time in opposition thereto shall be controlled by the minority leader or some Senator designated by him. Four hours would be allotted for debate on the bill.

Mr. RUSSELL. The proposed unanimous-consent agreement would not preclude the offer of other amendments than the ones stated.

Mr. MANSFIELD. No.

The PRESIDING OFFICER. Is there objection?

Mr. HICKENLOOPER. Mr. President, to which measure does the request apply? I am uncertain as to which bill this request applies to.

Mr. MANSFIELD. The foreign aid bill, which has been the pending business for 35 days, more or less.

Mr. HICKENLOOPER. I am glad to get that information, and I appreciate it. I would like to be brought up to date. I thought it was on the Public Law 480 bill.

Mr. MANSFIELD. No. There is an hour's limitation on that matter.

Mr. HICKENLOOPER. That is, on the conference report.

Mr. MANSFIELD. Yes. The provisions of this request will take effect following action on that matter.

Mr. HICKENLOOPER. Does the unanimous-consent request apply to the majority leader's substitute, which was just adopted?

Mr. MANSFIELD. No; it applies to the same bill to which that substitute is attached.

Mr. HICKENLOOPER. The substitute is already in the bill?

Mr. MANSFIELD. Yes.

Mr. HICKENLOOPER. So the question will not recur on the Senator's substitute? That has already been adopted.

Mr. MANSFIELD. Yes.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request? The Chair hears none, and the unanimous-consent request is agreed to.

EXTENSION OF AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954—CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the

two Houses on the amendment of the House to the bill (S. 2687) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes.

Mr. FULBRIGHT. Mr. President, before Senators leave, I ask for the yeas and nays on my motion.

The yeas and nays were ordered.

Mr. FULBRIGHT. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. FULBRIGHT. As I understand, I have 30 minutes, and the Senator from South Carolina [Mr. JOHNSTON] has 30 minutes.

The PRESIDING OFFICER. That is correct.

Mr. MANSFIELD. Mr. President, I have taken some of the time of the Senator from South Carolina, I am sure with his consent, and the approval of the Senator from Vermont.

Mr. FULBRIGHT. How much time has the Senator from South Carolina left?

Mr. JOHNSTON. I should like to know. I did not know I was giving away any of my time.

The PRESIDING OFFICER. Five minutes have been taken from the time of the Senator from South Carolina, so there remain 25 minutes to the Senator from South Carolina and 30 minutes to the Senator from Arkansas.

Mr. JOHNSTON. Mr. President, several Senators desired to say something on this matter. I am sorry that time was taken from my side.

Mr. HOLLAND. Mr. President, will the Senator from Arkansas yield for a parliamentary inquiry?

Mr. FULBRIGHT. I yield, but not on my time.

The PRESIDING OFFICER. Time is now running.

Mr. FULBRIGHT. I cannot yield now.

I yield one-half minute to the Senator from Florida.

Mr. HOLLAND. I thank the Senator.

Mr. President, a parliamentary inquiry. Suppose the Senate should unwisely adopt the motion and send the conference report to the Foreign Relations Committee, which has no relation at all to this particular conference report or this field of jurisdiction. What, if anything, would the Committee on Foreign Relations be instructed to do?

The PRESIDING OFFICER. The Parliamentarian informs the Chair that all the committee could do would be to hold hearings. That would be it. It could taken no action.

Mr. FULBRIGHT. Mr. President, the committee could make recommendations. The Foreign Relations Committee could hold hearings and make recommendations to the Senate in regard to those matters in the bill within its jurisdiction.

Mr. President, the question before the Senate involves a basic issue of foreign policy and also of the Senate's procedure in its approach to matters involving our foreign policy.

We have before us the conference report on the extension of the Agricultural

Trade Development and Assistance Act, popularly known as Public Law 480. This act is supposed to do what its name implies—that is, promote the development of trade in agricultural commodities and thereby dispose of some of our burdensome surpluses. It is not supposed to be a vehicle for casually making fundamental changes in our foreign policy, and for restricting by law the legitimate discretion of the President who bears the primary responsibility for the conduct of our foreign relations. This, however, is what the conference report seeks to do. It contains several provisions which have little, if any, relevance to the purpose of Public Law 480 but which, on the contrary, impinge directly and adversely on the foreign policy of the United States.

The most obnoxious of these provisions is that which, in effect, prohibits sales for local currency under title I to Yugoslavia and Poland.

There have been no hearings on this proposal in either the House or the Senate. It was not considered by the Senate Committee on Agriculture and Forestry, nor—so far as I know—by the House Committee on Agriculture. It was not considered on the floor of the Senate during Senate debate on the bill. It was adopted on the floor of the House, and it has unfortunately been retained by the conferees. I hardly need add that it has not been considered at all by the Committee on Foreign Relations—nor the House Committee on Foreign Affairs—nor has the Department of State had an opportunity to be heard, despite the fact that the Department is strongly opposed.

This provision would negate one of the most important principles of our foreign policy—the principle that we treat different Communist countries differently. This principle has been applied consistently and with good results for 15 years, under Presidents Truman, Eisenhower, Kennedy, and Johnson. In this period, Yugoslavia has successfully asserted and maintained its independence of the Soviet Union. This independence, in the opinion of Mr. George Kennan, our distinguished former Ambassador to Yugoslavia, has been "conducive to the peace and stability of the Balkan and Adriatic areas generally."

The Yugoslav example has also, quite clearly, been contagious in Eastern Europe. Since 1956 Poland has moved significantly toward independence from Moscow. More recently, Rumania has apparently set out on the same course. It sent a trade commission here for preliminary discussions. There have even been stirrings in Hungary and Czechoslovakia.

Surely, our interests are more advanced in Eastern Europe today than they would have been if these things had not happened. Although it would be too much to say that our policies, by themselves, have brought about these changes, it is certainly not too much to say that our policies have helped. They have made it easier for the Yugoslavs to pursue a policy independent of Moscow. They have made it easier for the Poles to assert a modicum of independence. They have made it easier for the Rumanians to expand their relations with the West.

To put it the other way, if we had not followed these policies, if we had not come to the aid of the Yugoslavs in 1950 and of the Poles in 1957, who can say with any assurance that Eastern Europe would not today still be a monolithic buttress of the Soviet Union? Reason and logic indicate that it would be. Would we be better off if the 15 or 20 Yugoslav divisions were under Soviet command?

Let me quote again from a recent statement by former Ambassador Kennan, who probably knows Eastern Europe better than any other American:

The Yugoslav Government is dominated by a party which uses the name "Communist"; but that government differs in certain very fundamental respects from other governments that go by that name. Not only does it differ in its institutions but it differs even more in its practices, and particularly its practices in matters that determine its relations with us. It is not linked with any other Communist power by bonds of military alliance. It is not a member of the Warsaw Pact or of any other Communist military political grouping. In its bilateral relations with us, during the period of my recent service as American Ambassador there, it showed itself consistently correct and proper. It did not default on any obligations to us. There was no evidence that it was conducting either independently or in association with any other country, improper activities in this country. No Yugoslav official I ever asked to see refused to see me or treated me otherwise than with complete courtesy. Americans, official and unofficial, were treated with exceptional warmth and kindness throughout the country.

What more do we want, and what is our complaint? We disagree with the Yugoslav leaders, certainly, on many questions of international affairs. But they have as much right to disagree with us as we have to disagree with them. Are we supposed to demand agreement with all our views, as the price of normal relations? If so, why do we start with the Yugoslavs?

Yugoslavia occupies an extremely sensitive and strategic position, between the countries of the Soviet bloc and the Adriatic. It commands some of the strongest armed forces in Europe outside of Soviet control.

For over 15 years its Government has pursued an independent course in its international relations. This course has not been identical with ours; but it has also not been identical with that of Moscow. The policy implied by the amendment can have only one conceivable effect: to convey to the Yugoslavs that they have no favorable prospects in their relations with us, no matter how they treat us, and to impel them, for lack of alternative, in the direction of a closer relationship with Moscow. There is no one—but literally no one—who could benefit from a movement of the Yugoslavs in that direction except policymakers in Moscow. What is at stake here is not just Yugoslavia alone, but also the policies of other Communist governments which have been, and will continue to be, importantly influenced by the Yugoslav example.

How, Ambassador Kennan asks, can "a policy having such effect conceivably be defended on the grounds that it is anti-Communist?"

That is a good question, Mr. President, and an unanswerable one. This is sham anticommunism. It will please no one except the Communists in Moscow and the superpatriots in the United States.

What more eloquent testimony could we want that people who call themselves Communists are different; that selling

wheat to one group does not mean selling out to another?

Aside from the large effect which the ill-considered provision of the conference report will have on our overall relations with Eastern Europe, there is another effect which it will have in terms of individual human beings. It can only mean that millions of Poles and Yugoslavs will be hungrier—through no fault of their own but only because we disapprove not of their actions but how they describe their Government.

And all of this—I repeat, Mr. President—has been done without hearings and without consideration by the Foreign Relations or any other committee. It is directly contrary to the stand Congress took a year ago when—after consideration by the Foreign Relations Committee and debate in the Senate—we voted to repeal, in effect, a provision of the Trade Expansion Act prohibiting the extension of most-favored-nation treatment to Poland and Yugoslavia.

For the life of me, I cannot understand why the Congress, or certain Members of it, persist in gratuitously insulting countries with whom we would like to maintain normal and hopefully improving relations.

There is another matter in the conference report which would have deleterious effects on our foreign relations. This is the provision for subsidizing the export of long staple cotton. This is certain to impair our relations with Peru, and probably with the United Arab Republic and Sudan as well. It is probably also in violation of GATT, and it will invite retaliation against our other nonsubsidized exports. It is the kind of action which would cause us to apply countervailing duties and invoke the Anti-Dumping Act if it were taken against us by another country.

There is a further reason this conference report should be referred to the Committee on Foreign Relations. The report adds a new sentence to section 103(a) of Public Law 480 as follows:

In presenting his budget, the President shall classify expenditures under this act as expenditures for international affairs and finance rather than for agriculture and agricultural resources.

We may pass over, for the time being, the question of the propriety of the Congress telling the President how to classify expenditures in his budget. Congress may, of course, act on the budget or rearrange it in any way that Congress desires; but in the first instance, it is the President's budget, not Congress.

The significant aspect of this provision of the conference report is that here is as plain a statement as one could make that the Agriculture Committees themselves view the activities under Public Law 480 as primarily affecting international affairs and finance rather than agriculture. The advocates of this conference report cannot have it both ways. Either Public Law 480 deals primarily with U.S. agriculture, in which case it ought not to deal with the U.S. foreign policy; or it does deal primarily with U.S. foreign policy—with "international affairs and finance," in the words of the

conference report itself—in which case it comes under the jurisdiction of the Foreign Relations Committee. In either case, given the provisions of the conference report, it ought to be referred to Foreign Relations.

These are matters of serious import, Mr. President. They should not be acted on hastily without adequate consideration by the committees most directly concerned. I have no wish to delay the matter indefinitely. Senators may argue that if my motion is agreed to, the bill is dead for this Congress. As I said yesterday, even if that were true, it would not be a calamity. The present law continues in force until December 31. A new Congress will be here January 3. We could certainly pass another bill—hopefully, a better bill—within a month or two.

However, Mr. President, referral of the conference report to the Foreign Relations Committee does not necessarily kill the bill. I assure the Senate that the committee will consider the matter. We will have hearings immediately. We will report our recommendations, and the Senate can work its will upon them—after we have had the benefit of testimony and after these very serious questions have received the attention they deserve.

In conclusion, Mr. President, I want to impress upon the Senate the seriousness of the issue that is involved here. It goes to the heart of our relations with the Communist third of the world, and, therefore, to the heart of our whole foreign policy. The issue, simply stated, is whether we proceed on the assumption that there is any hope of ever improving, or even ameliorating, those relations, or ever encouraging even the slightest diversity within the Communist world; or whether we proceed on the assumption that any such hope is illusory, that all Communists—be they followers of Tito, Gomulka, Khrushchev, or Mao—are alike in their implacable hostility to us, and that consequently our only safe course lies in implacable hostility to each and every one of them. The end result of this latter course is likely to be nuclear war. If we should adopt a policy—as implied by this conference report—of never agreeing to anything, this in itself amounts to an ominous agreement—in a suicide pact.

The question now before us is the same issue which was involved in the question of most-favored-nation treatment for Poland and Yugoslavia a year ago. It is the same issue which was involved in the sale of wheat to the Soviet Union. It is indeed the same issue which was involved in the test ban treaty.

In each of these cases the Senate decided the issue in favor of hope and reason and against fanaticism and despair.

Mr. President, I urge the Senate to support my motion.

MODIFICATION OF MOTION TO COMMIT

It has been suggested that there could be some question about the committee reporting the conference report to the Senate. I am perfectly willing to modify my motion. I assure Senators that the committee will report it back with a rec-

ommendation, but I would be very glad to modify my motion to require the committee to report the conference report to the Senate not later than September 30.

Mr. KUCHEL. Will the Senator make that in the form of a unanimous-consent request?

Mr. FULBRIGHT. I ask unanimous consent that my motion may be modified, to provide that the conference report be reported back to the Senate, with recommendations of the committee, not later than September 30.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. AIKEN. Mr. President, I intended to say, before unanimous consent was granted, that if the Committee on Foreign Relations, of which I am a member, is to consider this matter, the conference report should also be referred to the Committee on Commerce and to the Finance Committee, because they would have as much concern with it as the Foreign Relations Committee.

Of course, shipping costs would be involved. Trade is involved also. I believe the conference report should also go to the Committee on Finance and to the Committee on Commerce, in addition to the Foreign Relations Committee.

The PRESIDING OFFICER. Does the Senator from Vermont understand that the question has already been put and that unanimous consent has been granted?

Mr. AIKEN. That is all right. I merely wish to say that other committees should also be included. Imports, exports, and custom duties are affected. The State Department does not determine our exports and imports. It has been trying to do so, but that is not its function.

Mr. JOHNSTON. Mr. President, this is a conference report. It has already been voted on by the House. The Senate cannot amend it. If the committee makes recommendations, what can be done? That is the position in which we find ourselves with respect to this question.

Furthermore, Public Law 480 comes within the jurisdiction of the Committee on Agriculture and Forestry. It has always been handled by that committee. In the 20 years that I have been a Member of the Senate, I have never heard of a conference report being referred to a committee that does not deal with the particular subject involved in the report. What is proposed now is something new in the Senate. When we come to vote on this particular issue, I wish Senators would bear that in mind.

Section 1(11) of the conference report deals with the method of disposing of surplus agricultural commodities to Communist countries. Senators should bear that in mind. Therefore, the report is within the jurisdiction of the Committee on Agriculture and Forestry.

Moreover, Senators should understand that this provision of Public Law 480 has a long history. The provision questioned by the Senator from Arkansas is akin to provisions which have been in Public Law

480 since its inception and finds precedent in the Foreign Assistance Act of 1961. A part of section 1(11) relates to countries whose ships go to Cuba. Let Senators remember that. If they vote for the motion of the Senator from Arkansas to try to tie up the bill, they will be voting preferential treatment for countries whose ships are destined for Cuba at the present time. This provision of the conference report is modeled after section 620(a)(3) of the Foreign Assistance Act of 1961, which similarly prohibits assistance to Poland and Yugoslavia.

The expiration of Public Law 480 would stop sales to Yugoslavia and Poland and all other countries. If the conference report is rejected, Yugoslavia and Poland would be denied its benefits just as other countries would be. That is the situation in which we find ourselves.

I am sure the Senate conferees will agree that the feelings of the House on this particular matter are such that they will go further in the next bill than they went in this bill. We weakened the House provisions affecting these countries considerably in conference; I believe every Senator will agree with that statement. That being so, what can be gained by delaying action? Nothing, except tying up the bill and making Poland and Yugoslavia suffer on account of this action being held in abeyance.

To send this conference report to committee would create an unfortunate precedent. In the future, motions might be made to refer other conference reports to committees. A few moments ago, the Senator from Vermont [Mr. AIKEN] suggested that this conference report could be referred to still other committees, if this precedent is established.

I feel certain that the Parliamentarian would advise the Senate that to refer conference reports to committees would be establishing a new precedent, especially if they were referred to committees that did not handle them in the first instance.

In addition, the House may not yield as much a second time. If it does not, we shall find ourselves in a serious predicament.

S. 2687 deals with Public Law 480 of the 83d Congress. The bill which became Public Law 480 was reported from the Committee on Agriculture and Forestry in 1953; and every major amendment or extension of the law enacted since that time has come from the Committee on Agriculture and Forestry. Public Law 480 deals with methods of disposing of agricultural surplus and properly falls within the jurisdiction of the Committee on Agriculture and Forestry over agriculture generally and agricultural production and marketing and stabilization of prices of agricultural products. The reason for the bill is that we are trying to dispose of some of our surplus commodities.

Public Law 480 contains four titles. We are concerned now with only two of those titles. They are title I and title IV. Under title I we dispose of surplus agricultural commodities for foreign cur-

rencies; that is, the currencies of the purchasing country, and we agree with the purchasing country on the uses to which those currencies may be put. Some of these uses may be of greater benefit to the recipient country than they are to us. In other words, title I provides for one way of disposing of agricultural commodities through concessional sale.

Title IV provides for a different means of disposing of surplus agricultural commodities. In this case the sale is for dollars, but on long-term credit.

We are dealing in section 1(11) with countries that are dealing with Cuba. Shall we extend to them the right to buy with their own currency? Under this bill, they are given the right to buy on long-term credit, for dollars. Even those which have been precluded under the Battle Act from such dollar credit sales would be made eligible by the bill for sales for dollars on 5-year credit. They can pay a certain amount down and pay off the balance over a period of 5 years.

The provisions of the conference report which affect Yugoslavia and Poland are contained in section 1(11), and they deal with the method by which we are willing to dispose of surplus agricultural commodities to Communist countries and to countries whose ships and planes carry materials to Cuba. Yugoslavia and Poland fall in both of these categories. Section 1(11) provides that countries in these categories will not be eligible to purchase commodities under title I for local currencies, but that they will be eligible to purchase commodities under title IV for dollars on credit. This properly falls within the jurisdiction of the Committee on Agriculture and Forestry. It should not be considered an affront to any country, since section 1(11) includes in the definition "friendly country" for purposes of title IV the same countries that it excludes from that definition for purposes of title I. The provision simply distinguishes between the countries to whom title I sales may be made and those to whom only title IV sales may be made.

The committee did not have hearings on this provision because it was not before us when the bill was considered in committee. However, we do not normally hold hearings on every provision which is added by floor amendment in either House, and the provision under consideration has had a long history. Section 107 has from the enactment of Public Law 480 excluded the U.S.S.R. and nations dominated by the foreign government controlling the world Communist movement from eligibility for title I and title IV sales. The question as to whether other Communist countries which are not so dominated should be excluded has long been the subject of debate.

Section 1(11) of the conference substitute amends section 107 in two respects that affect Yugoslavia and Poland. It prohibits title I sales to Communist countries and it prohibits title I sales to countries whose ships or planes carry materials to Cuba.

If Senators want to vote to aid countries carrying materials to Cuba, they may do so. In the latter respect the conference report is modeled after section 620(a)(3) of the Foreign Assistance Act of 1961 which prohibits foreign assistance funds from being made available to countries whose ships or planes carry materials to Cuba.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. JOHNSTON. I yield.

Mr. FULBRIGHT. I wish to clarify the question of hearings. I have been informed that the Findley amendment, which is the main one I have been talking about, was offered in the House in Committee of the Whole and was rejected by a voice vote after 10 minutes of debate.

It was included in the bill by incorporating it into a motion to recommit, which was not debatable, and in that fashion was adopted by a small majority of about 20. That is the record of the action taken on it. It shows how casually and with what lack of serious attention it was considered by the House, with no consideration or debate in the Senate. Is that not correct?

Mr. JOHNSTON. That is generally correct. So far as the Senate is concerned, we did not consider this matter at all in committee.

Mr. FULBRIGHT. Nor on the Senate floor. There was no debate.

Mr. JOHNSTON. That is true. The question did not arise.

The Foreign Assistance Act of 1961 therefore prohibits assistance to Poland and Cuba in essentially the same manner as the current conference report prohibits title I sales to those countries. The current provision therefore presents nothing that Congress is not familiar with and which would require special hearings or special reference.

Section 1(11) also authorizes title IV sales for dollars, with credit for up to 5 years, to be made with countries which are now barred by other law from the benefits of title IV.

Mr. FULBRIGHT. Mr. President, will the Senator from South Carolina yield?

The PRESIDING OFFICER (Mr. SALINGER in the chair). Does the Senator from South Carolina yield to the Senator from Arkansas?

Mr. JOHNSTON. I yield.

Mr. FULBRIGHT. In the Foreign Assistance Act the President is given discretionary authority, if it is found to be in the national interest, to make a waiver. That was proposed, I understand, by representatives of the administration to the conference committee, but the conference committee did not accept it. If we had put in such discretionary authority for the President, we would have gone a long way toward improving the bill. This is one of the reasons why I believe that if the conference report were referred to committee to make the proper recommendations based upon the hearings, it might be possible to persuade the House to do something about it.

Mr. JOHNSTON. I do not know of any waiver, but the provision added last year appears to be quite clear.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point section 620(a)(3) of the Foreign Assistance Act of 1961.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

(3) No funds authorized to be made available under this Act (except under section 214) shall be used to furnish assistance to any country which has failed to take appropriate steps, not later than sixty days after the date of enactment of the Foreign Assistance Act of 1963—

(A) to prevent ships or aircraft under its registry from transporting to Cuba (other than to United States installations in Cuba)—

(i) any items of economic assistance,

(ii) any items which are, for the purposes of title I of the Mutual Defense Assistance Control Act of 1951, as amended, arms, ammunition and implements of war, atomic energy materials, petroleum, transportation materials of strategic value, or items of primary strategic significance used in the production of arms, ammunition, and implements of war, or

(iii) any other equipment, materials, or commodities, so long as Cuba is governed by the Castro regime; and

(B) to prevent ships or aircraft under its registry from transporting any equipment, materials, or commodities from Cuba (other than from United States installations in Cuba) so long as Cuba is governed by the Castro regime.

(b) No assistance shall be furnished under this Act to the government of any country unless the President determines that such country is not dominated or controlled by the international Communist movement.

Mr. FULBRIGHT. Section 614 is the section concerning the waiver according to the President's findings.

Mr. JOHNSTON. That question arose in conference, but the House would not agree to the proposal. I offered something along that line, but we know that we do not always get everything in conference that we would like to have. I asked for consideration of my suggestion, which committee members will verify, but the conference committee did not agree to it.

Mr. President, in regard to the length of credit made available under title IV, section 1(11) applies differently to Poland and than it does to Yugoslavia. Under the Battle Act, which prohibits financial assistance to countries shipping certain materials to nations threatening the security of the United States, Poland has been held ineligible for the credit terms provided by title IV. The conference substitute therefore provides new authority for title IV sales to Poland on credit for up to 5 years.

The conference substitute actually will have very little effect upon Poland and Yugoslavia and represents nearly a complete yielding of the House position, which would have excluded these countries from Public Law 480 sales completely. At present, the Battle Act prevents any financial assistance to Poland. This has been held to prevent any sales under title IV, and to prevent sales under title I except under limitations not applicable to other countries. Under these limitations, we now make title I sales to Poland for zlotys, which can be

used only for U.S. uses. The Battle Act prohibits their use for financial assistance to Poland. Of course, we cannot use all these zlotys. So, at the end of a specified period under the agreement, they are convertible to dollars. The conferees could not see that this was greatly different from a sale for dollars on credit. The conference substitute authorizes 5-year credit sales to Poland, so the substitute should not have any substantial effect on our relations with Poland.

I should like to point out that we have been moving toward normal commercial sales in the case of both Poland and Yugoslavia, and this is in the interest of all concerned. Last year, one-third of the commodities we sold to Poland were for cash or on normal commercial terms if Poland could obtain bank guarantees, one-third was under title I with conversion of zlotys to dollars after 40 years, and one-third was under title I with conversion of zlotys to dollars after 3 years.

Yugoslavia has not been held to be affected by the Battle Act. It is therefore at present eligible both for title I sales and title IV sales. During the fiscal year just completed, it agreed to purchase under title I commodities worth about \$26.3 million on the basis of Commodity Credit Corporation costs. During the same year, it agreed to purchase under title IV commodities worth about \$67.8 million. So currently Yugoslavia is making the great bulk of its purchases under title IV. The conference substitute will permit it to continue to make purchases under title IV, so the substitute should not have any great effect on our dealings with Yugoslavia.

The State Department, I am sorry to say, is always letting down the bars to various countries. Sometimes it is active with the Communists, at least in doing business with them; and sometimes keeps us from making large sales to other countries. In the case of the wheat transaction, it held up the sale of approximately 200 million bushels of wheat to see if any other country wished it before it was finally sold.

The conference substitute keeps both of these countries within the definition of "friendly countries" for the purposes of title IV. The fact is, the substitute does not mention either of these countries by name. They are affected by the substitute because they fall within the group of countries which have Communist governments and whose ships and planes go to Cuba. Communist countries, which have managed currencies and economies, present entirely different problems with regard to exchange rates and other matters than do other governments. These problems are properly within the jurisdiction of the Committee on Agriculture and Forestry which handles legislation dealing with disposing of our surplus farm products.

If the conference report should be referred to the Committee on Foreign Relations to die there in this session—I do not have to tell Senators and Representatives that that is what it would mean—Public Law 480 would expire on December 31, 1964. Then no agreements could be entered into under any title of

it with Yugoslavia or Poland or any other country, to the detriment of all those countries, as well as to the detriment of this country, particularly American agriculture. In disposing of our surplus products, we would be hurt very much.

Referring a conference report to a committee is a very unusual procedure, without precedent so far as can be determined, particularly a committee that was not even dealing with the situation. In the more than 20 years I have been in the Senate, I do not recall this having taken place before.

The Committee on Foreign Relations would not be in a position to recommend any amendment to it, since the report must be accepted or rejected in toto. The House has already accepted the bill as reported by the conference committee.

The conference report represents a carefully worked out solution to the very difficult situation presented by the House amendment. We tried to weaken the House provisions on this point as much as we could and at the same time protect the people of the United States and not build up Cuba.

If it is rejected, there is no assurance that the House will yield as far as it has a second time. I ask that the motion of the Senator from Arkansas be rejected.

Mr. FULBRIGHT. Mr. President, how much time have I remaining?

The PRESIDING OFFICER. Thirteen minutes.

Mr. FULBRIGHT. I yield 3 minutes to the Senator from Kentucky.

Mr. COOPER. Mr. President, I support the motion of the Senator from Arkansas to refer the conference report to the Committee on Foreign Relations.

I see the amendments placed on the conference report in the House as they apply to Poland and Yugoslavia as an undue restriction upon the authority of the President to conduct foreign policy. In past years under the administrations of President Eisenhower, and President Kennedy, I opposed amendments to foreign aid bills and other bills, which placed unreasonable limitations upon the ability of the President to conduct foreign policy, and I do so today. My position has not been inflexible. I voted against extending aid to Indonesia because of its aggressive policies. I spoke and voted against the wheat deal with Russia, whether for cash or credit, because it involved a complete change in trade policies, and has been followed, as I predicted, by the increased trade of other countries with Russia and Cuba. But if we take a narrow position, and deny to the President in every case instruments which are necessary for him to conduct our foreign policy, we are limiting the ability of our Government, the Congress itself, and our country to better secure itself and to make progress in the struggle between freedom and communism. Yugoslavia and Poland are Communist countries. I admit that I see no signs of any change in the immediate future. Nevertheless, it has been one of the purposes of our foreign policy to attempt to break the Eastern European countries

away from the Soviet Union. There has been some success in this effort in that they have maintained a measure of independence from Russia.

The Soviet Union uses every instrument and power available to it—including aid and trade in Asia and Africa and in Latin America to advance its policies and aims. I do not see why we should deny the President similar flexibility in the conduct of foreign policy. I do not think that it will be abused. I hope that it will not be. I would not expect any large amount of sales to be made to either of these countries for local currencies. But I do agree with the Senator from Arkansas [Mr. FULBRIGHT]. While we can and should be selective as to our aid, I believe that year by year, we are gradually reducing the ability of the President to make decisions which are necessary to conduct our foreign affairs in our own best interest, and in competition and struggle with the Soviet Union.

I believe it is entirely reasonable that the Committee on Foreign Relations should have a look at these amendments which were agreed to in the House. The committee would quickly report to the Senate their recommendations, and we could take action.

Mr. FULBRIGHT. Mr. President, I yield 1 minute to the Senator from Oklahoma.

The PRESIDING OFFICER. The Senator from Oklahoma is recognized for 1 minute.

Mr. MONRONEY. It has not been the policy, for 10 years or more, for the President to have the power that the distinguished chairman of the conference committee [Mr. JOHNSTON] is asking that he be granted, to continue to sell or not to sell agricultural surplus commodities to various nations of the world under Public Law 480.

It has been used as a diplomatic instrument, has it not, by all of the Presidents?

Mr. FULBRIGHT. Certainly. This policy, as it exists, was used under the administration of President Eisenhower, as well as in the past 4 years. This is an effort to change the status quo in regard to Yugoslavia and Poland with respect to sales for local currency. I have stated before that if the committee wished to stop all sales to everyone, that would be another matter. But, if we were to pick and choose among countries, as was done in this case here, we would affront, in a sense gratuitously, countries which have been classified as countries eligible to receive sales under title 1.

Mr. MONRONEY. Certainly; we would be also expressing a sense of suspicion that the President, the Secretary of State, or those in charge of our foreign policy do not have the good sense or judgment to conduct these sales in a manner that increases, rather than decreases, U.S. prestige among the wobbly nations that have been in the past under forcible Communist domination, and which seek now to be free of that domination and to establish their own government and control their own affairs.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. FULBRIGHT. I yield 2 more minutes to the Senator from Oklahoma.

The Senator is correct. As the bill is written, it does not forbid sales. It clearly gives the authority to make sales. It is still discretionary with the President as to whether it would be wise to make sales. It has been found wise to make them, not only under the present administration, but also under preceding administrations.

Mr. MONRONEY. If we do encumber the bill with amendments, Russia, the country that seeks to keep those countries under domination, will be relieved of any fear that they will seek independence. Under this bill, we play into the hands of the Russians by saying, "Under no circumstances do you need to worry about any defection in Poland or Yugoslavia. Congress has taken care of that. You do not have to have those useful American products offered to those who wobble within the Communist orbit."

Mr. JOHNSTON. Mr. President, in reply to what has just been stated, these countries still have the right to do business under title IV. Yugoslavia has been doing two-thirds of the business under that title during the past fiscal year. I think they ought to be permitted to purchase for credit under title IV, and that is the only thing this bill does.

I yield 2 minutes to the Senator from Iowa.

Mr. HICKENLOOPER. How much local currency in zlotys have we piled up in Poland as a result of sales—and I use the word "sales" with apology. They are not sales. They are gifts under Public Law 480. The products were given to them. We cannot do anything with the zlotys. I believe there is approximately a half billion dollars, if I am not mistaken, piled up over there.

Mr. JOHNSTON. I have been informed that it is \$477 million.

Mr. HICKENLOOPER. That, to my mind, is the proper figure. That amount is piled up over there in local Polish currency, only a small portion of which we are able to use within the country for certain restricted expenses.

I am on the Committee on Agriculture and Forestry, and the Committee on Foreign Relations. I was a member of the conference committee. I believe that the Senate should either agree to the conference report or reject it.

I do not know of any precedent. As I say, I am on the Committee on Foreign Relations. I am proud of that committee and its responsibilities. But I have never heard of the Committee on Commerce demanding that a conference report pertaining to foreign affairs be referred to the Committee on Commerce. I believe it is an unwise precedent.

Mr. FULBRIGHT. The Senator recalls instances in which the Committee on Foreign Relations has voluntarily referred bills which involved tax matters to the Committee on Finance and accepted its recommendations.

Mr. HICKENLOOPER. Yes. And we have met with the Committee on Armed Services, but not on conference committee reports. We have met with com-

mittees when bills were under consideration.

Mr. FULBRIGHT. The Senator is correct. But I have never heard of a conference report going so far beyond its proper jurisdiction. This is the first instance in my experience in the Senate in which this has happened.

The Senator will agree that neither the House nor Senate committee held any hearings whatever on these proposals.

Mr. HICKENLOOPER. They have taken action on them in different ways at various times.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. JOHNSTON. I yield 2 additional minutes to the Senator from Iowa.

The PRESIDING OFFICER. The Senator from Iowa is recognized for 2 additional minutes.

Mr. HICKENLOOPER. Again I point out that regardless of opinion on this issue, the only defensible procedure is for the Senate to vote up or down the conference committee report. If the Senate does not like what the conference committee said on the Public Law 480 program, it ought to vote down the conference report. If it approves it, it ought to vote it up. But the procedure proposed is unprecedented. I believe it would rise up, smite us, and confuse the issues mightily. The question is on accepting or rejecting the conference report. I know of no time in the past 20 years when a procedure of that kind has been indulged in. I think it would not only be bad practice, but it would be completely out of the terms of reference basically of the committees of conference in connection with their responsibilities. The report should be voted up or down as a conference report. I would dislike to see the precedent proposed established.

The PRESIDING OFFICER. All time of the Senator from South Carolina has expired.

Mr. FULBRIGHT. Mr. President, how much time have I remaining?

The PRESIDING OFFICER. The Senator from Arkansas has 8 minutes remaining.

Mr. FULBRIGHT. Mr. President, I yield 4 minutes to the Senator from South Dakota [Mr. McGOVERN].

The PRESIDING OFFICER. The Senator from South Dakota is recognized for 4 minutes.

Mr. McGOVERN. Mr. President, one of the disappointing aspects of this otherwise constructive congressional session has been the congressional assault on the food for peace program.

This program has been operating for 10 years with growing effectiveness under the authority of Public Law 480. First enacted in 1954, it was given new force by President Eisenhower's food for peace statement of 1959. It was again substantially reinforced by the strong support of the late President Kennedy who created a special White House office on food for peace which I was privileged to head in 1961 and 1962.

Food for peace is the near-perfect blend of American self-interest and international humanitarianism.

It has placed billions of dollars in the pockets of American farmers, shippers, and businessmen by developing new outlets and building new commercial markets for our farm abundance. It has reduced storage charges to our taxpayers by utilizing our surplus grains abroad.

It has been a powerful tool of American foreign policy and our oversea aid program. One wonders if there is any American asset which our Communist rivals covet any more than the worldwide demonstration of the abundance of America's family farms.

Finally, countless millions of men and women, boys and girls in a hundred nations have found new life and strength and hope through food for peace.

No other oversea program is working more effectively than this one. The program and its administrators—Secretary of Agriculture Orville Freeman, Secretary of State Dean Rusk, AID Administrator David Bell, Food-for-Peace Director Richard Reuter—are doing a marvelous job of strengthening and improving the operation of the program.

What they need is a strong congressional mandate to move ahead even more decisively and imaginatively in using our God-given food abundance as a tool for peace and humanity and as a justified reward for the efficiency of the American farmer.

If we restrict and hamstring and weaken food for peace, we are hurting the American farmer, jeopardizing the U.S. taxpayer, hurting our friends abroad, and undercutting our international interests.

Yet, this latter course is the one we have taken in this year's congressional assault on food for peace.

The food-for-peace conference report now before us is a great disappointment.

It will shrink and weaken the program. It is an irrational blow to the American farmer and to American foreign policy. This report includes some of the ill-advised actions of both the House and the Senate.

The facts are these:

The House Committee on Agriculture conducted long, painstaking hearings on food for peace. It reported out a good bill to the House floor, but as sometimes happens, a series of emotional speeches were made by people unfamiliar with the program, and several ill-advised, poorly conceived amendments were hastily added.

The worst of these was an amendment slapping in the face the people of Yugoslavia and Poland by ending food for peace in these countries. This is a clear invitation to the people in Poland and Yugoslavia to stop their growing relations with the West and their increasing independence of the Kremlin.

This new prescription must have brought joy to the international Communist planners. It will have the effect of weakening U.S. influence in Eastern Europe and throwing this area back into the Kremlin's lap. It will stop our market development success in Eastern Europe. It is plainly a foolish and badly conceived step that departs from the policy of President Eisenhower, President Kennedy, and President Johnson.

Unlike the House, the Senate committee gave only a passing glance at food for peace this year. A handful of witnesses were heard in 1 day. The committee itself never even read through the Senate bill. Not more than 45 minutes was devoted to committee discussion of the far-reaching implications of the bill.

The most serious weakness in the Senate version—the application of the appropriations process to the use of foreign currencies which accrue under the program, has been wisely omitted in the conference report. But there is included a new formula for redtape, delay, and inflexibility. It is based on the assumption that the currencies which we secure from desperately poor underdeveloped nations are the same as dollars and that, therefore, the Agriculture Committees of the House and Senate should have the right to veto the use of these currencies overseas at any time it wishes. Every grant of the foreign currencies now being used for economic development and common defense purposes would be subjected to a possible veto by either the House or the Senate committee.

For my own part, I am not satisfied with our committee's action, and I assume my portion of the responsibility for our failure. Very frankly, I had assumed that the original House committee bill would prevail. The long hearings of the House committee which resulted in a carefully reached unanimous verdict of the committee seemed to give the leadership on food-for-peace extension this year to the other body.

Instead, the hastily approved Senate bill was speeded to the floor and ratified without a record vote under what was then the rush for an August 22 adjournment.

Then the House surprisingly rejected its carefully drawn, unanimously supported committee bill, and the mischief-makers took over. The result is the crippled report now before us.

It should by all means be sent to the Foreign Relations Committee for repairs and rejuvenation, as proposed by the Senator from Arkansas [Mr. FULBRIGHT] or if that is not possible under the rules, it should be rejected and a new report secured.

Mr. HART. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield 1 minute to the Senator from Michigan.

Mr. HART. Most of us, when we discuss and debate proposed programs, are talking about something which we have not had an opportunity to see on the ground. About a year ago, it was my good fortune to spend a week in Poland. On my return I reported to the Senate my deep conviction that the Public Law 480 program has been spectacularly successful in serving our own long-term national interests, as well as being basically right and decent. I hope that we shall not damage it.

Mr. KEATING. Mr. President, will the Senator yield to me one-half minute?

Mr. FULBRIGHT. Mr. President, how much time have I remaining?

The PRESIDING OFFICER. The Senator from Arkansas has 3 minutes remaining.

Mr. FULBRIGHT. Mr. President, I yield one-half minute to the Senator from New York.

Mr. KEATING. I shall support the motion to send this conference report to the Foreign Relations Committee with the limitations as proposed.

I have consistently given strong backing to the food-for-peace program, so long as it has been assured that our surpluses are used to benefit people, not governments. I should not like to see this program, which has had great successes, crippled by what has been done in the bill this year. In my judgment, there is, with respect to the question of Poland and Yugoslavia, a definite need for further study in committee and accordingly, with the time limitation that has been attached, I will agree to that course of action.

Mr. FULBRIGHT. I wish to make one further observation. If the conference report is referred to the Committee on Foreign Relations, I propose to develop the proper recommendations. The report would then come back to the Senate, and the Senate would then agree to it or reject it with an understanding of what it was doing.

Mr. CLARK. Mr. President, will the Senator yield me 2 minutes?

Mr. FULBRIGHT. I yield 2 minutes to the Senator from Pennsylvania.

Mr. CLARK. I hope the motion of the Senator from Arkansas will prevail. Criticism has been raised as to procedure. The procedure was fixed and determined by the unanimous-consent agreement into which the Senate entered yesterday. If there is any deficiency in procedure, in my opinion, it is because the Committees on Agriculture and Forestry of both Houses and the conferees of those committees impinged on the jurisdiction of the Committee on Foreign Relations on a subject into which they should never have gone.

The motion to refer the conference report to the Committee on Foreign Relations, in my judgment, is entirely appropriate in order that testimony may be taken which has not been taken before a committee of either House to determine the position of the administration with respect to the question and to determine the position of other interested persons as to whether we should offer this affront to the Governments of Poland and Yugoslavia, which we are trying to wean away from the Communist monolithic group, in order to provide them with a situation in which they could have some independence, and support our policies of freedom in Europe and across the world. The action of the conference committee would weaken a vital instrument available to the President to pursue a flexible policy in Eastern Europe.

In the case of Yugoslavia, the AID foreign assistance program has been terminated. In our Public Law 480 program for that country we have moved from a situation where there was no title IV component between fiscal year 1955 and fiscal year 1961 to our fiscal year

1964 program where 72 percent of our total title I and title IV programs was under title IV.

The executive branch fully intends to continue this movement toward sales for dollar repayment as conditions permit. But it is important for the President to retain the ability to continue title I for Yugoslavia when conditions warrant. In fiscal year 1964, for example, the Yugoslav balance-of-payments situation appeared strong enough to support the shift from a 15- to a 72-percent title IV component in the Public Law 480 programs. In fiscal year 1965 conditions are different. Adverse weather conditions have reduced the 1964 Yugoslav wheat crop by over 600,000 tons compared with 1963. The liberalization of the Yugoslav foreign-trade system to make it consistent with free-world practices and the requirements of GATT membership has placed the Yugoslav balance-of-payments position under unusual strain. U.S. inability to respond to such developments promptly with some title I sales limits the flexibility of our economic instruments and deprives us of the means for making a significant economic and political impact. It is particularly important that the United States retain a liberal instrument of assistance such as title I in order to support the economic liberalization programs undertaken by Yugoslavia in its move away from the typical Soviet model and closer association with the world market.

In the case of Poland, our most recent agreement with Poland in February 1964, graphically demonstrates the deliberate speed with which the United States was shifting the nature of our sales of agricultural commodities to Poland. The agreement contained three parts: first, approximately \$30 million worth of agricultural commodities were sold under the same concessional terms as in our previous agreements; second, another \$30 million worth of sales for zlotys is to be converted and paid to the United States in dollars over a 3-year period; and third, Poland agreed to buy commercially still another \$30 million worth of agricultural goods in 1964 through private channels.

This agreement clearly reflects careful tailoring to meet the particular Polish situation. The abrupt hardening of terms into a title IV program prevents gradualism and a sophisticated use of Public Law 480 as an instrument of foreign policy in Poland. Furthermore, it aggravates Poland's problem of indebtedness to the United States by imposing an additional dollar burden just when Poland's obligations to the U.S. Government accelerate. In 1963, these obligations were \$11 million. By 1967 they will be approximately \$30 million.

I yield back the remainder of my time.

Mr. MORSE. Mr. President, I ask for 1 minute.

The PRESIDING OFFICER. The Senator has 1 minute left.

Mr. FULBRIGHT. I yield 1 minute to the Senator from Oregon.

Mr. MORSE. I am on the other side.

Mr. FULBRIGHT. It does not matter.

Mr. MORSE. Mr. President, there is

no precedent for this procedure in the history of the Senate. The proposal to direct that the conference report be committed to the committee is out of order. Rule XXII—contrary to the ruling the other day—does not support it. There is only one thing to do with the conference report, namely, to vote it up or down. As a member of the Foreign Relations Committee, I believe we would establish a very bad precedent today if we started committing conference reports. We should vote them up or down, and not commit them to any committee.

Furthermore, we ought to respect the conferees we sent to conference. They have jurisdiction. Certain members of the Foreign Relations Committee may not like the results. As one member of that committee, I do not believe the substantive merits have anything to do with the question. The question is whether we are to protect the procedures of the Senate with reference to conference reports.

It would be a sad thing if we committed a conference report to another committee, rather than face the substantive question of voting the conference report up or down. What are Senators afraid of?

The PRESIDING OFFICER. All time on the motion has expired. The yeas and nays have been ordered, and the clerk will call the roll.

Mr. AIKEN. Mr. President, may we have the question stated?

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Arkansas to refer the conference report to the Committee on Foreign Relations with instructions to report not later than September 30.

Mr. ALLOTT. Mr. President, a parliamentary inquiry. I did not hear the last part of the statement.

The PRESIDING OFFICER. With instructions to report no later than September 30.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from Maryland [Mr. BREWSTER], the Senator from North Dakota [Mr. BURDICK], the Senator from Virginia [Mr. BYRD], the Senator from West Virginia [Mr. BYRD], the Senator from Idaho [Mr. CHURCH], the Senator from Oklahoma [Mr. EDMONDSON], the Senator from Louisiana [Mr. ELLENDER], the Senator from Alaska [Mr. GRUENING], the Senator from Indiana [Mr. HARTKE], the Senator from Minnesota [Mr. McCARTHY], the Senator from Maine [Mr. MUSKIE], the Senator from Florida [Mr. SMATHERS], the Senator from New Jersey [Mr. WILLIAMS], and the Senator from Ohio [Mr. YOUNG] are absent on official business.

I further announce that the Senator from Alabama [Mr. HILL], and the Senator from Massachusetts [Mr. KENNEDY] are absent because of illness.

I further announce that the Senator from Nevada [Mr. CANNON], the Senator from Mississippi [Mr. EASTLAND], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Washington [Mr. JACKSON], and the Senator from

Oregon [Mrs. NEUBERGER] are necessarily absent.

I further announce that, if present and voting, the Senator from Maryland [Mr. BREWSTER] and the Senator from Washington [Mr. JACKSON] would each vote "nay."

On this vote, the Senator from Massachusetts [Mr. KENNEDY] is paired with the Senator from Louisiana [Mr. ELLENDER].

If present and voting, the Senator from Massachusetts would vote "yea" and the Senator from Louisiana would vote "nay."

Mr. KUCHEL. I announce that the Senators from Kansas [Mr. CARLSON and Mr. PEARSON], the Senator from New Hampshire [Mr. COTTON], the Senator from Nebraska [Mr. CURTIS], the Senator from Illinois [Mr. DIRKSEN], the Senator from Arizona [Mr. GOLDWATER], the Senator from Massachusetts [Mr. SALTONSTALL], the Senator from Pennsylvania [Mr. SCOTT], and the Senator from Texas [Mr. TOWER] are necessarily absent.

If present and voting, the Senators from Kansas [Mr. CARLSON and Mr. PEARSON], the Senator from New Hampshire [Mr. COTTON], and the Senator from Texas [Mr. TOWER] would each vote "nay."

On this vote, the Senator from Massachusetts [Mr. SALTONSTALL] is paired with the Senator from Nebraska [Mr. CURTIS]. If present and voting, the Senator from Massachusetts would vote "yea" and the Senator from Nebraska would vote "nay."

On this vote, the Senator from Pennsylvania [Mr. SCOTT] is paired with the Senator from Illinois [Mr. DIRKSEN]. If present and voting, the Senator from Pennsylvania would vote "yea" and the Senator from Illinois would vote "nay."

The result was announced—yeas 24, nays 46, as follows:

[No. 582 Leg.]

YEAS—24

Bartlett	Hart	Metcalf
Bayh	Javits	Monroney
Case	Keating	Nelson
Clark	Kuchel	Pell
Cooper	Long, Mo.	Randolph
Douglas	McClellan	Ribicoff
Fulbright	McGee	Salinger
Gore	McGovern	Sparkman

NAYS—46

Aiken	Johnston	Prouty
Allott	Jordan, N.C.	Proxmire
Anderson	Jordan, Idaho	Robertson
Beall	Lausche	Russell
Bennett	Long, La.	Simpson
Bible	Magnuson	Smith
Boggs	Mansfield	Stennis
Dodd	McIntyre	Symington
Dominick	McNamara	Talmadge
Ervin	Mechem	Thurmond
Fong	Miller	Walters
Hayden	Morse	Williams, Del.
Hickenlooper	Morton	Yarborough
Holland	Moss	Young, N. Dak.
Hruska	Mundt	
Inouye	Pastore	

NOT VOTING—30

Brewster	Eastland	McCarthy
Burdick	Edmondson	Muskie
Byrd, Va.	Ellender	Neuberger
Byrd, W. Va.	Goldwater	Pearson
Cannon	Gruening	Saltonstall
Carlson	Hartke	Scott
Church	Hill	Smathers
Cotton	Humphrey	Tower
Curtis	Jackson	Williams, N.J.
Dirksen	Kennedy	Young, Ohio

So Mr. FULBRIGHT's motion to commit the conference report to the Committee on Foreign Relations was rejected.

Mr. JAVITS. Mr. President, I ask for the yeas and nays on the conference report.

The yeas and nays were ordered.

Mr. FULBRIGHT. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. FULBRIGHT. As I understand, the question now is whether or not the Senate will vote to accept the conference report. Is that correct?

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. FULBRIGHT. As reported and as discussed. I wish to say only a word or two. As usual, there were only a few Senators in the Chamber when we discussed the merits of the conference report. I wish to take a minute to say that I believe it would be wise for the Senate to reject the conference report and ask for a further conference with the House, which can be done. This would enable the conferees in conference to cure the major defect in the bill. It would be very simple if the conferees would accept the waiver power on the part of the President of the United States. This power we have customarily granted to the President in similar situations; so if he found it to be in the national interest to make sales, they could be made.

A few minutes ago, in very succinct language, the Senator from South Dakota described the purpose of the food-for-peace program. We all know that he was formerly the director of the food-for-peace program. He knows it thoroughly, and he knows what progress it has made.

It has made a great contribution. Great progress has been made in moving toward purchases with hard currencies. Such purchases have been increasing. They will continue to increase in the future, unless we go out of our way to insult various nations and make it difficult for them to do business with us. The conferees should have an opportunity to cure the major defect. The conferees should have an opportunity to hear what the State Department has to say about these matters. Such action would be in accordance with the usual practice.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. CLARK. Mr. President, it is my understanding—and my information is purely hearsay—that the Johnson administration supports the position of the Chairman of the Committee on Foreign Relations. Is that correct?

Mr. FULBRIGHT. Yes; the State Department drew this matter to my attention. It is very strongly against the provision regarding sales, and it also has objections to the provision relating to the President's budget, which undertakes to direct the President as to how he shall prepare the budget. That is another matter. That is not primarily under the jurisdiction of the Committee on Foreign Relations.

The representatives of the State Department would make their own case. They would have an opportunity to present their case to the conference committee. No hearings were held on these matters.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. LAUSCHE. Are the views expressed by the Senator from Arkansas his own, genuine observations on the problem, or are they those which have been directed to him by the State Department?

Mr. FULBRIGHT. The views are my own. The Senator from Ohio knows very well that I made similar arguments last year in regard to the most favored nation clause.

Actually, as I said in my speech on the previous motion, this report involves almost the same considerations that were involved in the most favored nation clause argument. In that case, the Senate supported my position.

Mr. AIKEN. Mr. President, like the Senator from Arkansas, I am dissatisfied with the conference report, but I am not enough dissatisfied with it to kill the program, which I am sure would be the result of rejecting the report at this time. It has already been adopted by the House. I do not know whether the House will have a quorum again this year or not.

Public Law 480 has provided a wonderful program. It has been of immense value to us in maintaining good relations with other countries in other parts of the world. But this program has almost run its course. The surpluses that were so burdensome a few years ago are being depleted. Feed grains are down to an amount which is not much more than a safe level for our own use. The wheat surplus is so small that it does not comprise more than about 150 million bushels more than a realistic normal supply. We have already committed more dairy products than we have been able to deliver to foreign countries.

If this report goes back to conference, it will probably mean the end of the program. I am satisfied that the House is in no mood to do any further business with us on it. Not only that, but I am sure it would mean certain death for the coffee agreement, as well.

I am not satisfied with the conference report, but it is the best we are going to get, and it is likely to be the last Public Law 480 program which will be approved by Congress, because we are moving onto a free trading basis more and more every year.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. AIKEN. I yield.

Mr. JAVITS. I voted in favor of the motion of the Senator from Arkansas [Mr. FULBRIGHT] to refer the conference report to the Foreign Relations Committee for hearings and study because the Findley amendment would weaken the President's ability to pursue flexible policies in Eastern Europe and would curtail his freedom of action in a vital area of foreign affairs. Moreover, the executive branch was given no oppor-

tunity to present its views on the amendment.

I shall vote to support the conference report because I think on balance, a greater good is involved in this program. Public Law 480 has been of incalculable benefit to many recipient countries of the free world as well as to the United States during the past 10 years. Our program in Poland and Yugoslavia has contributed to the reversal of farm collectivization in both countries and to a moderation of oppressive police practices. While the conference report would stop further sales for local currency under title I to both Poland and Yugoslavia, it would permit continued sales under title IV for hard currencies. Credit terms to Poland would be limited to 5 years, while to Yugoslavia 20-year credits could be continued. Inasmuch as in recent years sales to both countries have been made increasingly on commercial terms, the effect of this prohibition should not have a major impact on sales.

Thus, I think we have a balance of greater good which is involved in the program.

I shall rely upon the statement of my senior colleague, the Senator from Vermont [Mr. AIKEN], that from that point of view, the report should be agreed to.

Mr. AIKEN. I agree with the Senator from Arkansas that this is not a good conference report. It is definitely unfair to Poland. I believe that Poland can become one of our great friendly nations in the course of time.

Public Law 480, contrary to some opinion, does give Yugoslavia the right to make dollar purchases on terms of 20 years' credit. Unfortunately, Poland through a quirk in some other law is restricted to a credit of 5 years in buying for dollars under the bill; but this is the best we can get. If we do not accept it, I am satisfied we shall get nothing.

Mr. JOHNSTON. Mr. President, I join in the statement just made by the Senator from Vermont. I fear that if the report is sent back to conference, we will not get as good a trade on this particular issue as we got this time.

The House eliminated Poland and Yugoslavia entirely. The Senate conferees persuaded the House conferees to give those countries the right to do business with us under title IV. The House yielded to us and agreed to that proposal. They said they had to have something with which to go back to the House; if they did not, they could not pass a Public Law 480 bill.

If we do not pass a Public Law 480 bill, we shall find that not only Poland and Yugoslavia, but other countries as well, cannot receive some of the agricultural surpluses of the United States. The law will expire on December 31 of this year.

After all the arguments had been made in the conference committee, all seven of the Senate conferees voted for this compromise. The objectionable provisions of the House amendment were watered down, so to speak. The House conferees agreed to take the conference report to the House to see if they could get the House to agree to it. They said they were absolutely satisfied that they

could not have it passed in any other way.

Personally, I would probably agree with other Senators, including the Senator from Arkansas [Mr. FULBRIGHT]. At the same time, when we go to conference, we do not get everything we want.

There are some things in the bill that are of vital interest to the farmers of the Nation in enabling them to dispose of surpluses which they have at the present time.

So if we kill the conference report now, we will kill the prospects of enabling farmers to dispose of the surpluses they have today.

Mr. FULBRIGHT. Mr. President, the rejection of the conference report will not kill the program. I should certainly ask for another conference with the House to see if this situation cannot be cured.

I invite the attention of the Senator from Vermont [Mr. AIKEN]. He said that due to a quirk in another law, this program is limited to 5 years. On page 3 of the conference report the following statement appears:

In the case of any such agreement which would be prohibited by any other act but for the foregoing sentence the maximum payment period shall be 5 years, instead of 20 years.

I do not see why it is not this report instead of some other law that limits the program.

Mr. AIKEN. I accepted the word of the counsel to the Committee on Agriculture and Forestry that while Poland is restricted to credit for 5 years—

Mr. FULBRIGHT. The conference report could just as well have said 10 or 15 years. But it provides for 5 years. I do not know that it is significant; but the Senator from Vermont said it was due to some other law. It is the conference report that accomplishes this restriction.

Mr. AIKEN. I am advised by counsel that the Battle Act prohibits any transaction at all with Poland under title IV at the present time. The bill would waive this to the extent of permitting credit for up to 5 years.

Mr. FULBRIGHT. That is title IV.

Mr. AIKEN. It is my understanding, however, that Yugoslavia is not restricted.

Mr. FULBRIGHT. That is correct. The conference report waives the Battle Act.

Mr. McGOVERN. Mr. President, I should like to take one more minute on this issue. No Member of the Senate is more vitally interested in the extension of Public Law 480 and the food-for-peace program than I. I had the privilege of working closely with this program for about a year and a half under the late President Kennedy.

It would be a mistake to adopt the conference report in its present form. I do not believe the rejection of the report would by any means indicate the end of the program. It is a program that means about a billion dollars a year to American agriculture. American business is heavily involved in it. The shipping industry is involved in it. It is

an essential part of U.S. foreign policy. I cannot believe that Congress would be so foolish as to end the program merely because some objection to it is contained in this conference report.

The net effect of the adoption of the conference report in its present form would be to kill the food-for-peace program in Yugoslavia and Poland. If we take that action today, we can be quite sure that vodka will be flowing in the Kremlin tonight, because the Russians will be celebrating the decline of American influence in Eastern Europe. They will be celebrating the reverse of a policy that has been helping the people of Poland and Yugoslavia to develop a rather high degree of independence from the Communist movement.

It is true, as has been said, that their's is a form of government of which we do not approve. It is a form of government that none of us like. But those two countries have kept to themselves pretty much. They have not practiced aggression against other countries. They are beginning to move in the direction of a more individual relationship with us.

For the life of me, I cannot understand why Congress should want to slap those two countries, Poland and Yugoslavia, in the face at this time. In fact, I cannot understand this congressional assault on one of the finest, most effective programs on the statute books. I hope the Senate will reject the conference report and submit a better, more desirable report to Congress before it adjourns.

Mr. FULBRIGHT. Mr. President, I should like to make one observation. About 2 or 3 weeks ago, there was a great explosion of sympathy in the Senate for the Polish soldiers who died in World War II. We voted overwhelmingly—over my opposition—to provide money to keep up cemeteries for those Polish soldiers, even in Italy, as well as in Poland.

Now we are concerned with trying to do something for the Poles still alive, and no one seems to wish to do anything about it. This is really a strange operation when the Senate has authorized money for cemeteries for dead Poles but no grain for living Poles.

Mr. LAUSCHE. Mr. President, I cannot allow the statement of the Senator from Arkansas to go unchallenged.

There is a difference between the Polish people and the Polish Communist government. The Polish people believe in our cause. They believe in the principles for which our Nation stands. The Communist government does not. The Communist government is opposed to the philosophy for which we stand.

Mr. CLARK. Mr. President, will the Senator from Ohio yield?

Mr. LAUSCHE. Those of us who voted money for flowers and upkeep of the graves of Polish soldiers who died in Italy did not do so intending to adorn the Communist government.

Mr. CLARK. Mr. President, will the Senator from Ohio yield for a question?

Mr. LAUSCHE. We contemplated honoring the memory of the Polish people who fought for our cause in many places throughout the world.

The Communist government is an entirely different entity. To me, the issue is, plainly, "When we help a Communist government, are we helping our country?"

There is one school of thought in the Senate which feels that we can wean the Communists away by improving the economy and the society of the Communist nations. I do not belong to that school.

The more we build up their economy, the more we solidify the roots of communism in those countries.

I shall not attempt to discuss the situation as I understand it to prevail, especially in Yugoslavia, but the abundance there is greater than the abundance in our own country. It has not been the product of the Communist economy. It has been the product of our aid. We have \$624 million worth of Yugoslavian dinars, all of them derived from the sale of surplus food. We might as well start pitching it all out with a fork because we shall never get rid of it. It is there in heaps, far beyond ability to digest.

This issue has been before us—

Mr. FULBRIGHT. Mr. President, will the Senator from Ohio yield for a correction?

Mr. LAUSCHE. I yield.

Mr. FULBRIGHT. According to page 88 of the hearings on foreign assistance, it is the equivalent of 81 million dinars in Yugoslavia as of June 30, 1963.

Mr. LAUSCHE. Let me ask the Senator from South Dakota [Mr. McGovern]. I obtained these figures from him.

Mr. FULBRIGHT. Poland is \$442 million.

Mr. LAUSCHE. Poland is \$442 million.

Mr. FULBRIGHT. Four hundred and forty-two million dollars equivalent.

Mr. LAUSCHE. In zlotys. How much is the equivalent?

Mr. FULBRIGHT. Eighty-one million dollars in dinars.

Mr. LAUSCHE. I do not agree with the Senator from Arkansas. I have found the figures of—

Mr. FULBRIGHT. These are not my figures. This is in the report.

Mr. LAUSCHE. The Senator from South Dakota [Mr. McGovern] told me the figure was \$624 million, and in my judgment, based upon past experience, the figures of the Senator from South Dakota [Mr. McGovern] are closer than those of the Senator from Arkansas [Mr. Fulbright].

Mr. CLARK. Mr. President, will the Senator from Ohio yield for a question?

Mr. LAUSCHE. I yield.

Mr. CLARK. I should like to inquire of the Senator: Who eats this wheat, the Communist government or the people of Poland and Yugoslavia?

Mr. LAUSCHE. That is a sort of demagogic argument.

Mr. President, several minutes ago there was a discussion on the floor of the Senate concerning the quantity of Polish zlotys and Yugoslavia dinars that are in the possession of the U.S. Government. I have before me a White House report on the food-for-peace program

which was issued April 3, 1964, and is signed by President Lyndon B. Johnson. I ask unanimous consent that the table appearing on page 24 of that report showing the quantity of soft foreign cur-

rency that we possess issued by the different countries be printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE VII.—Status of foreign currencies under title I, Public Law 480

[In million-dollar equivalents]

Country	Agreement amounts through June 30, 1963	Collections through June 30, 1963 ¹		Disbursements by agencies through June 30, 1963 ^{2,4}
		Sales proceeds	Other proceeds ³	
India.....	2,430.9	1,599.2	20.1	780.1
Indonesia.....	344.6	254.9	.6	67.0
Iran.....	51.0	38.5	.4	32.5
Israel.....	291.0	223.6	18.6	160.6
Italy.....	152.9	144.2	1.4	140.3
Japan.....	150.8	146.3		145.1
Korea.....	362.5	316.3	.4	279.7
Mexico.....	28.2	25.2	2.7	22.3
Morocco.....	21.9	19.6	1.3	4.6
Netherlands.....	.3	.3		1.7
Pakistan.....	1,065.9	578.4	11.8	468.6
Paraguay.....	13.2	11.2	(⁵)	5.4
Peru.....	37.2	32.8	1.3	23.4
Philippines.....	36.2	34.6	.2	17.4
Poland.....	477.3	452.5		4.9
Portugal.....	7.1	7.1		7.1
Spain.....	505.9	488.0	9.5	367.6
Sudan.....	10.6	6.0		1.1
Syrian Arab Republic.....	37.2	34.8	.2	7.3
Thailand.....	4.6	4.3	.1	4.8
Tunisia.....	33.6	29.6	(⁵)	13.6
Turkey.....	548.4	385.1	7.0	263.1
United Arab Republic.....	784.8	439.3	9.2	227.3
United Kingdom.....	48.2	48.5		36.4
Uruguay.....	48.4	36.0	1.5	18.3
Vietnam.....	80.5	58.2		33.4
Yugoslavia.....	624.1	587.5	9.8	278.7
Total.....	9,403.2	6,978.7	118.0	4,031.2

¹ Calculated at the collection rates of exchange.

² Public Law 480, 104 (c) and (g) loan interest and repayment of principal and proceeds from sales of 104(d) commodities.

³ Prior to July 1, 1961, disbursements under secs. 104 (c), (d), and (e) grants were calculated at collection rates; sec. 104(f) sales at current Treasury selling rates; sec. 104(g) loans at loan agreement rates; secs. 104 (a), (b), (e) loans, (h) through (r) at the weighted average rates at the end of the months in which transfers were made to agency accounts for the balances remaining in the accounts. Subsequent to June 30, 1961, disbursements under secs. 104 (a) through (r) are calculated at either the current Treasury selling rate or the end-of-the-quarter market rates.

⁴ Disbursements exceed collections in some countries because of conversions from other currencies.

⁵ Under \$50,000.

⁶ Differs from table V which reflects purchase authorization transactions.

Mr. LAUSCHE. Mr. President, the report shows that we have \$477 million worth of Polish zlotys and that we have \$624 million worth of Yugoslavian dinars. The figures which were submitted challenging the correctness of our statement about a half hour ago dealt only with the foreign currency of Yugoslavia, which we have an unlimited right to spend. It did not deal with the total quantity. The chairman of the Committee on Foreign Relations said that we had \$81 million worth of Yugoslavia dinars. We have \$81 million that are free for spending in Yugoslavia. But, as I pointed out a moment ago, we have \$624 million worth of dinars that are lying idle; we do not know what to do with it.

Mr. KEATING. Although I voted in favor of the motion to send the report to committee for further study with regard to sales to Poland and Yugoslavia, that move having failed, I see no practical alternative to accepting the conference report.

Food for peace is a program, which despite shortcomings, has largely served to the good of U.S. relations abroad. The bill, as it now stands, is not a perfect bill by any means, but it nevertheless offers what may be Congress last opportunity to extend this program and perpetuate its successes.

In fact, there is a great deal in this

bill which, to my mind, represents substantial improvement with regard to U.S. policy in the Near East, particularly in our attitude toward the Nasser regime.

Mr. President, I have made every effort without success to understand our Government's refusal to face up to Egypt's aggressive activities and threats to peace in the Middle East. I have cited example after example of President Nasser's intent to subvert freedom, his extensive and costly propaganda campaigns in the Middle East, Africa, and Latin America, his brutal interference in Yemen's civil war, his provocative brandishing of missiles against Israel and other peace-loving neighbors.

In voting last year for the antiaggression amendment to the Foreign Assistance Act, I had sincerely hoped that our foreign policy makers would apply the criteria set up by Congress strictly and fairly. This amendment has in effect been waived aside by the State Department with the ineffectual argument that Nasser's sending thousands of troops to Yemen did not constitute "engaging in or preparing for aggressive military efforts"—because he was supporting the republican coup leaders.

Mr. President, I have previously stated my conviction that cutting off aid to a particular country is not, ideally, action that should be taken by Congress. When,

however, the President and the State Department repeatedly ignore the threat that Nasser poses to world peace, I think Congress is obligated to enact into law stronger provisions to insure that American aid is not stuffed into Egyptian cannons.

In view of this, Mr. President, I am gratified to note that the conference report has incorporated into this year's "food for peace" authorization language to the effect that the President shall bar Public Law 480 expenditures in any country if he finds such country is:

(a) an aggressor, in a military sense, against any country having diplomatic relations with the United States; or (b) using funds, of any sort, from the United States for purposes inimical to the foreign policies of the United States.

The PRESIDING OFFICER. The question is on agreeing to the conference report. On this question the yeas and nays have been ordered; and the clerk will call the roll.

The Chief Clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from Indiana [Mr. BAYH], the Senator from Maryland [Mr. BREWSTER], the Senator from North Dakota [Mr. BURDICK], the Senator from West Virginia [Mr. BYRD], the Senator from Idaho [Mr. CHURCH], the Senator from Oklahoma [Mr. EDMONDSON], the Senator from Louisiana [Mr. ELLENDER], the Senator from Alaska [Mr. GRUENING], the Senator from Indiana [Mr. HARTKE], the Senator from Arizona [Mr. HAYDEN], the Senator from Missouri [Mr. LONG], the Senator from Minnesota [Mr. MCCARTHY], the Senator from Maine [Mr. MUSKIE], the Senator from Rhode Island [Mr. PASTORE], the Senator from Virginia [Mr. ROBERTSON], the Senator from Florida [Mr. SMATHERS], the Senator from New Jersey [Mr. WILLIAMS], and the Senator from Ohio [Mr. YOUNG] are absent on official business.

I also announce that the Senator from Nevada [Mr. CANNON], the Senator from Mississippi [Mr. EASTLAND], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Washington [Mr. JACKSON], and the Senator from Oregon [Mrs. NEUBERGER] are necessarily absent.

I also announce that the Senator from Alabama [Mr. HILL] and the Senator from Massachusetts [Mr. KENNEDY] are absent because of illness.

I further announce that, if present and voting, the Senator from Indiana [Mr. BAYH], the Senator from Maryland [Mr. BREWSTER], the Senator from North Dakota [Mr. BURDICK], the Senator from Idaho [Mr. CHURCH], the Senator from Mississippi [Mr. EASTLAND], the Senator from Oklahoma [Mr. EDMONDSON], the Senator from Alaska [Mr. GRUENING], the Senator from Indiana [Mr. HARTKE], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Washington [Mr. JACKSON], the Senator from Maine [Mr. MUSKIE], the Senator from Oregon [Mrs. NEUBERGER], the Senator from Rhode Island [Mr. PASTORE], the Senator from Virginia [Mr. ROBERTSON], the Senator from Florida [Mr. SMATHERS], and the Senator from New Jersey [Mr. WILLIAMS] would each vote "yea."

On this vote, the Senator from Louisiana [Mr. ELLENDER] is paired with the Senator from Massachusetts [Mr. KENNEDY].

If present and voting, the Senator from Louisiana would vote "yea," and the Senator from Massachusetts would vote "nay."

Mr. KUCHEL. I announce that the Senators from Kansas [Mr. CARLSON and Mr. PEARSON], the Senator from New Hampshire [Mr. COTTON], the Senator from Nebraska [Mr. CURTIS], the Senator from Illinois [Mr. DIRKSEN], the Senator from Arizona [Mr. GOLDWATER], the Senator from Kentucky [Mr. MORTON], the Senator from Massachusetts [Mr. SALT-ONSTALL], the Senator from Pennsylvania [Mr. SCOTT], and the Senator from Texas [Mr. TOWER] are necessarily absent.

If present and voting, the Senator from Kansas [Mr. CARLSON], the Senator from New Hampshire [Mr. COTTON], the Senator from Nebraska [Mr. CURTIS], the Senator from Illinois [Mr. DIRKSEN], the Senator from Kansas [Mr. PEARSON], the Senator from Massachusetts [Mr. SALT-ONSTALL], the Senator from Pennsylvania [Mr. SCOTT], and the Senator from Texas [Mr. TOWER] would each vote "yea."

The result was announced—yeas 54, nays 11, as follows:

[No. 583 Leg.]

YEAS—54

Aiken	Javits	Nelson
Allott	Johnston	Prouty
Beall	Jordan, N.C.	Proxmire
Bennett	Jordan, Idaho	Randolph
Bible	Keating	Ribicoff
Boggs	Kuchel	Russell
Byrd, Va.	Lausche	Salinger
Case	Long, La.	Simpson
Cooper	Magnuson	Smith
Dodd	Mansfield	Sparkman
Dominick	McClellan	Stennis
Ervin	McGee	Symington
Fong	McIntyre	Talmadge
Gore	Mechem	Thurmond
Hickenlooper	Miller	Walters
Holland	Morse	Williams, Del.
Hruska	Moss	Yarborough
Inouye	Mundt	Young, N. Dak.

NAYS—11

Anderson	Fulbright	Metcalfe
Bartlett	Hart	Monroney
Clark	McGovern	Pell
Douglas	McNamara	

NOT VOTING—35

Bayh	Ellender	Muskie
Brewster	Goldwater	Neuberger
Burdick	Gruening	Pastore
Byrd, W. Va.	Hartke	Pearson
Cannon	Hayden	Robertson
Carlson	Hill	Saltonstall
Church	Humphrey	Scott
Cotton	Jackson	Smathers
Curtis	Kennedy	Tower
Dirksen	Long, Mo.	Williams, N.J.
Eastland	McCarthy	Young, Ohio
Edmondson	Morton	

So the conference report was agreed to.

LEGISLATIVE PROGRAM

Mr. MANSFIELD. Mr. President, so that I can inform the Senate what the business will be for the remainder of the week, it is my understanding—and this is subject to correction—that there are three amendments to be considered, none of which under ordinary circumstances would take too long a period of time. If

that assumption proves to be correct, it is hoped that the Senate will be able to vote on final passage of the foreign aid bill this evening.

I had hoped that that could be followed by a bill having to do with the ROTC, which I had promised the distinguished senior Senator from Georgia [Mr. RUSSELL], the chairman of the Armed Services Committee, that I would take up. But circumstances seem to preclude that. Nevertheless, it is intended to bring up the Executive Calendar, to take up the items on the calendar to which there is no objection and to lay before the Senate the Appalachian bill and get started on that.

If all of this proves to be halfway correct, it may be possible to vote on the Appalachian bill tomorrow. I realize that is taking a long trip into the blue yonder. But, that is the program as of now.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The PRESIDING OFFICER. The Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (H.R. 11380) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

(AMENDMENT NO. 1327)

Mr. AIKEN. Mr. President, I send to the desk my amendment No. 1327 and ask for its consideration. I do not intend to take more than 2 or 3 minutes on the amendment. I ask that the reading of the amendment be waived, but that it be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment offered by Mr. AIKEN is as follows:

(d) Add at the end thereof the following new section:

"SEC. 639. LOYALTY AFFIDAVITS.—No part of any funds appropriated or otherwise made available for expenditure under authority of this Act shall be used to make payments under any contract, entered into for the purpose of carrying out any provision of this Act, between any department or agency of the Government or any recipient of assistance under this Act and any individual who is a United States citizen or with any corporation, partnership, or other association created under the laws of the United States or of any State or territory or substantially beneficially owned by United States citizens, unless there is executed and filed with the department or agency administering the program under which the assistance is furnished, by such individual, or the principal officers of such corporation, partnership, or association, an affidavit that he does not believe in, and is not a member of and does not support any organization that believes in or teaches, the overthrow of the United States Government by force or violence or by any illegal or unconstitutional methods. The provisions of section 1001 of title 18, United States Code, shall be applicable with respect to such affidavits."

Mr. AIKEN. The amendment merely calls for the beneficiaries of our foreign aid program—and by that I mean the contractors and those who have their investments guaranteed—to take the same

loyalty oath that is required to be taken by the beneficiaries of the so-called poverty program.

It may be recalled that when the proposal was made to amend the poverty program so as to require all beneficiaries who received even \$500 a year to take a loyalty oath, the Senate overwhelmingly, by a voice vote, approved that amendment. I am sure that the Senate will be equally glad to approve this amendment, which would require the heads of contracting firms and others who receive great benefits from the AID program to take the same oath.

It keeps all people on the same level. Of course, it does not include them all, yet. But, give us time, and perhaps we can get the remainder of them.

I do not know how anyone could legitimately object to accepting this amendment after supporting the loyalty oath in the case of recipients of the poverty program benefits.

The PRESIDING OFFICER. Does the Senator from Vermont yield back the remainder of his time?

Mr. AIKEN. That depends on whether there will be any discussion in opposition or not.

Mr. FULBRIGHT. Mr. President, I yield myself 3 minutes.

The PRESIDING OFFICER. The Senator from Arkansas is recognized for 3 minutes.

Mr. FULBRIGHT. Mr. President, I believe it is unworkable. Many universities participate in this program on a contract basis. I do not believe that they are beneficiaries. They are beneficial to the program; at the same time, they are in the position of contractors. Many financial institutions participate. If there were an attempt to enforce this provision literally, it would be almost impossible to do so with the many universities and banks in the country which participate in the guarantee programs, the investment guarantee programs, and other programs.

I do not think it could be administered at all. I am not a great advocate of the other loyalty oath that the Senator from Vermont was discussing. So I am certainly not inconsistent in objecting to this amendment.

I shall not support it. I hope the Senate will reject it.

Mr. AIKEN. Mr. President, I am sure that the Senator from Arkansas cannot mean that one class of people should take a loyalty oath and another class of people should not. I am sure that if Sarah Jones, walking on her crutches in the Ozarks, is required to take the loyalty oath in order to receive some benefit from the poverty program, the president of the University of Arkansas would be delighted to take the loyalty oath along with her.

I cannot conceive of any Senator voting against this amendment.

If the Senator from Arkansas is willing to yield back the remainder of his time, I am glad to yield back the remainder of my time.

The PRESIDING OFFICER. Do the Senators yield back the remainder of their time?

Mr. LAUSCHE. Mr. President, will the Senator yield 2 minutes to me?

Mr. AIKEN. Does the Senator wish to speak on the amendment?

Mr. LAUSCHE. I do not.

Mr. AIKEN. I would appreciate it if the Senator would wait until there has been a vote on the amendment.

Mr. FULBRIGHT. Mr. President, I yield back the remainder of my time.

Mr. AIKEN. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Vermont.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

AMENDMENT NO. 1218

Mr. RIBICOFF. Mr. President, I call up my amendment No. 1218.

The PRESIDING OFFICER. The amendment of the Senator from Connecticut will be stated.

The Chief Clerk proceeded to read the amendment.

Mr. RIBICOFF. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered. The amendment will be printed in the RECORD.

Mr. RIBICOFF's amendment is as follows:

PART V—RELIGIOUS PERSECUTION BY THE SOVIET UNION

SEC. 501. It is the sense of the Congress that the United States deeply believes in freedom of religion for all people and is opposed to infringement of this freedom anywhere in the world. The Congress declares that abundant evidence has made clear that the Government of the Soviet Union is persecuting Jewish citizens by singling them out for extreme punishment for alleged economic offenses, by confiscating synagogues, by closing Jewish cemeteries, by arresting rabbis and lay religious leaders, by curtailing religious observances, by discriminating against Jews in cultural activities and access to higher education, by imposing restrictions that prevent the reuniting of Jews with their families in other lands, and by other acts that oppress Jews in the free exercise of their faith. The Congress further declares that the Soviet Union has a clear opportunity to match the words of its constitutional guarantees of freedom of religion with specific actions so that the world may know whether there is a genuine hope for a new day of better understanding among all people. Accordingly, it is the sense of the Congress that persecution of any persons because of their religion by the Soviet Union be condemned, and that the Soviet Union in the name of decency and humanity cease executing persons for alleged economic offenses, and fully permit the free exercise of religion and the pursuit of culture by Jews and all others within its borders.

Mr. RIBICOFF. Mr. President, I ask for the yeas and nays on the amendment. The yeas and nays were ordered.

Mr. RIBICOFF. Mr. President, I call up amendment No. 1218 for myself, my colleague from Connecticut [Mr. DODD], the senior Senator from New York [Mr. JAVITS], and the junior Senator from New York [Mr. KEATING]. I ask unanimous consent that the names of the Senator from Pennsylvania [Mr. SCOTT], the Senator from New Jersey [Mr. CASE], the Senator from Kentucky [Mr. MORTON], and the Senator from Iowa [Mr. MILLER] also be added as cosponsors of amendment No. 1218.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. RIBICOFF. Mr. President, this amendment was originally introduced as Senate Resolution 204 on September 25, 1963. It was cosponsored by 64 Members of this body including Mr. ALLOTT, Mr. ANDERSON, Mr. BARTLETT, Mr. BAYH, Mr. BEALL, Mr. BOGGS, Mr. BREWSTER, Mr. BURDICK, Mr. CANNON, Mr. CASE, Mr. CHURCH, Mr. CLARK, Mr. COOPER, Mr. COTTON, Mr. DODD, Mr. DOMINICK, Mr. DOUGLAS, Mr. EDMONDSON, Mr. GOLDWATER, Mr. GRUENING, Mr. HART, Mr. HARTKE, Mr. HOLLAND, Mr. HUMPHREY, Mr. INOUE, Mr. JACKSON, Mr. JAVITS, Mr. JORDAN of Idaho, Mr. KEATING, Mr. KENNEDY, Mr. KUCHEL, Mr. LAUSCHE, Mr. LONG of Missouri, Mr. MAGNUSON, Mr. MCCARTHY, Mr. MCGEE, Mr. MCGOVERN, Mr. MCINTYRE, Mr. McNAMARA, Mr. METCALF, Mr. MILLER, Mr. MONROE, Mr. MORSE, Mr. MORTON, Mr. MOSS, Mr. MUNDT, Mr. NELSON, Mrs. NEUBERGER, Mr. PASTORE, Mr. PELL, Mr. PROXMIRE, Mr. RANDOLPH, Mr. SALTONSTALL, Mr. SCOTT, Mr. SIMPSON, Mr. SMATHERS, Mr. SYMINGTON, Mr. THURMOND, Mr. TOWER, Mr. WALTERS, Mr. WILLIAMS of New Jersey, Mr. YARBOROUGH, and Mr. YOUNG of Ohio.

I bring it up today so the Senate can go on record promptly against an especially great injustice: the Soviet persecution of the Jewish people. The Senate voicing the conscience of the American people, can call attention to an old problem that has flared up recently in virulent form—religious persecution, especially the persecution of Soviet Jews. It is important that we take an official stand on the Soviet Government's systematic policy of attrition against the 3 million Jewish citizens of the U.S.S.R.

The main components of that policy are:

First. Deprivation of cultural rights.

Second. Deprivation of religious rights.

Third. The anti-Jewish propaganda campaign.

Fourth. The scapegoating of Jews.

Fifth. Discrimination in education and employment.

Sixth. Refusal of the right to emigrate.

It adds up to a policy of reducing the Jews to second-class citizenship in the U.S.S.R., of breaking their spirit and crushing their pride. It aims to shatter, pulverize, and gradually eliminate Jewish historical consciousness and Jewish identity. This policy works itself out as a whole; but for purposes of examination and evaluation, it can be broken down into the following categories:

I. DEPRIVATION OF CULTURAL RIGHTS

The 3 million Jews of the U.S.S.R. are officially recognized as a nationality.

Although Soviet Jews constitute only 1.09 percent of the total Soviet population, they rank 11th numerically among the more than 100 diverse Soviet nationalities.

Soviet ideology, Communist Party directives, the Soviet Constitution and law, and historic Soviet practice all recognize the inherent right of every Soviet nationality to maintain and perpetuate its own cultural identity, through its own cultural institutions in its own language.



Public Law 88-638
88th Congress, S. 2687
October 8, 1964

An Act

78 STAT. 1035.

To extend the Agricultural Trade Development and Assistance Act of 1954,
and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Agricultural Trade Development and Assistance Act of 1954, as amended, is further amended as follows:

(1) Section 101 of such Act is amended by striking out in subsection (f) the words "from the government or agencies thereof" and further by striking the period at the end of subsection (f) and adding the following: ", and which are not less favorable than the highest of exchange rates obtainable by any other nation."

Agricultural
Trade Develop-
ment and Assist-
ance Act of 1954,
amendments.
75 Stat. 306.
7 USC 1701.

(2) Section 101 of such Act is amended by adding at the end thereof the following new subsection:

"(g) require such foreign currencies to be convertible to dollars to the extent consistent with the effectuation of the purpose of this Act, but in any event to the extent necessary to permit that portion of such currencies made available for payment of United States obligations to be used to meet obligations or charges payable by the United States or any of its agencies to the government of the importing country or any of its agencies."

(3) Section 102(a) of such Act is amended by adding at the end thereof the following: "The Commodity Credit Corporation shall finance ocean freight charges incurred pursuant to agreements entered into after December 31, 1964, only to the extent that such charges are higher (than would otherwise be the case) by reason of a requirement that the commodities be transported in United States flag vessels. Such agreements shall require the balance of such charges for transportation in United States vessels to be paid in dollars by the nations or organizations with whom such agreements are entered into."

Ocean freight
charges.
69 Stat. 44.
7 USC 1702.

(4) Section 103(a) of such Act is amended by adding at the end thereof the following: "In presenting his budget, the President shall classify expenditures under this Act as expenditures for international affairs and finance rather than for agriculture and agricultural resources."

68 Stat. 456.

(5) Effective January 1, 1965, section 103(b) of such Act is amended to read as follows:

75 Stat. 306.

"(b) Agreements shall not be entered into under this title during the period beginning January 1, 1965, and ending December 31, 1966, which will call for appropriations to reimburse the Commodity Credit Corporation in a total amount in excess of \$2,700,000,000 plus any amount by which agreements entered into in prior years have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such prior years by this Act as in effect during such years: *Provided*, That agreements shall not be entered into during any calendar year of such period which will call for appropriations to reimburse the Commodity Credit Corporation in amounts in excess of \$2,500,000,000."

(6) Section 104 of such Act is amended by striking out in subsection (c) the word "military" and inserting after the words "common defense" the words "including internal security".

7 USC 1704.

(7) Section 104 of such Act is amended by striking from subsection (e) the words "not more than 25 per centum of the currencies received pursuant to each such agreement shall be available" and substituting "currencies shall also be available to the maximum usable extent."

Private busi-
ness loans.
Limitations
removed.

78 STAT. 1036.

7 USC 1704.

Advisory committee, establishment.

Uses of foreign currencies, review.

Transmittal of proposal to congressional committees.

(8) Section 104 is amended by adding at the end thereof the following:

"There is hereby established an advisory committee composed of the Secretary of Agriculture, the Director of the Bureau of the Budget, the Administrator of the Agency for International Development, the chairman and the ranking minority member of the House Committee on Agriculture, and the chairman and the ranking minority member of the Senate Committee on Agriculture and Forestry. Such Committee shall review from time to time the status and usage of foreign currencies which accrue under this title, and shall make recommendations to the President as to ways and means of assuring to the United States (1) the maximum benefit from the use of such currencies, making special reference to any such currencies which are excess to the normal requirements of United States agencies, and (2) the maximum return from sales made under this title. Such Committee shall make such other recommendations for improving this Act and its administration as such Committee may deem fit.

"The committee shall be consulted with respect to: (1) policies relating to (a) loans under subsections (e) and (g) hereof, (b) the degree of convertibility to be required under section 101(g), and (c) the amount of currency to be reserved in sales agreements for loans to private industry under subsection (e) hereof; and (2) each proposal to establish an interest rate for dollar sales under title IV higher than the minimum provided in section 403.

"No agreement or proposal to grant any foreign currencies (except as provided in subsection (c) of this section), or to use (except pursuant to appropriation Act) any principal or interest from loan repayments under this section, shall be entered into or carried out until the expiration of thirty days following the date on which such agreement or proposal is transmitted by the President to the Senate Committee on Agriculture and Forestry and to the House Committee on Agriculture, if transmitted while Congress is in session, or sixty days following the date of transmittal if transmitted while Congress is not in session, and then only if, between the date of transmittal and the expiration of such period there has not been passed by either of the two Committees a resolution stating in substance that that Committee does not favor such agreement or proposal."

(9) The first proviso at the end of section 104 of such Act is amended by striking out the colon at the end thereof and inserting "pursuant to agreements entered into on or before December 31, 1964 and to not less than 20 per centum in the aggregate of the foreign currencies which accrue pursuant to agreements entered into thereafter:"

(10) Section 104 of such Act is amended by adding at the end thereof the following: "Any loan made under the authority of this section shall bear interest at such rate as the President may determine but not less than the cost of funds to the United States Treasury, taking into consideration the current average market yields on outstanding marketable obligations of the United States having maturity comparable to the maturity of such loans, unless the President shall in specific instances upon the recommendation of the advisory committee herein established designate a different rate."

"Friendly notion."
68 Stat. 457.
7 USC 1707.

(11) Section 107 of such Act is amended by inserting before the period at the end thereof a comma and the following: "or (3) for the purpose only of title I any nation or area dominated or controlled by a Communist government, or (4) for the purpose only of title I any nation which permits ships or aircraft under its registry to transport to or from Cuba (excluding United States installations in Cuba) any equipment, materials, or commodities, so long as Cuba is governed by the Castro regime. Notwithstanding any other Act, the President is

authorized to enter into agreements for the sale of surplus agricultural commodities for dollars under title IV with nations which fall within the definition of 'friendly nation' for the purpose of that title. In the case of any such agreement which would be prohibited by any other Act but for the foregoing sentence the maximum payment period shall be five years, instead of twenty years."

"The President is directed that no sales under this Act shall be made with any country if he finds such country is (a) an aggressor, in a military sense, against any country having diplomatic relations with the United States, or (b) using funds, of any sort, from the United States for purposes inimical to the foreign policies of the United States".

(12) Section 108 of such Act is amended by striking out the words "six months" and inserting in lieu thereof the word "year". 7 USC 1709.

(13) Section 203 of such Act is amended (i) by striking out "1961" and substituting "1965"; (ii) by striking out "1964" and substituting "1966"; (iii) by striking out "\$300,000,000", and substituting "\$400,000,000"; and (iv) by inserting after "charges for general average contributions arising out of the ocean transport of commodities transferred pursuant hereto" the following: "or donated under said section 416, section 308 of this Act or section 9 of the Act of September 6, 1958 (72 Stat. 1790)". Clauses (i), (ii), and (iii) hereof shall not become effective until January 1, 1965. Famine relief, etc. 75 Stat. 307. 7 USC 1723. 68 Stat. 458. 7 USC 1431. 73 Stat. 609. 7 USC 1697. 7 USC 1431b.

(14) Section 203 of the Act is amended by inserting after the third sentence of said section the following new sentence: "In addition to other funds available for such purposes under any other Act, funds made available under this title may be used in an amount not exceeding \$7,500,000 annually to purchase foreign currencies accruing under title I in order to meet costs (except the personnel and administrative costs of cooperating sponsors, distributing agencies, and recipient agencies, and the costs of construction or maintenance of any church owned or operated edifice or any other edifices to be used for sectarian purposes) designed to assure that commodities made available under this title or under title III are used to carry out more effectively the purposes for which such commodities are made available or to promote community and other self-help activities designed to alleviate the causes of the need for such assistance: *Provided, however,* That such funds shall be used only to supplement and not substitute for, funds normally available for such purposes from other non-United States Government sources."; and by inserting after the word "costs" in the last sentence the words "or for the purchase of foreign currencies".

(15) Sections 109 and 204 of such Act are amended by striking out "1964" and inserting "1966". 7 USC 1709, 1724.

(16) Clause (1) of section 304(a) of such Act is amended by inserting after the words "Union of Soviet Socialist Republics" the words "or the Communist regime in China". 71 Stat. 345. 7 USC 1693.

(17) The first sentence of section 403 of such Act is amended to read as follows: "Payment for such commodities shall be in dollars with interest at such rate as the Secretary may determine but not less than the minimum rate required by section 201 of the Foreign Assistance Act of 1961 for loans made under that section." 73 Stat. 610. 7 USC 1733.

SEC. 2. Subsection (b) of section 612 of the Foreign Assistance Act of 1961, as amended, is amended (1) by redesignating it as subsection (t) of section 104 of the Agricultural Trade Development and Assistance Act of 1954, as amended. Foreign currency sales. 77 Stat. 385. 22 USC 2362. 7 USC 1704.

(2) By inserting after the subsection designation the following: "For sale to United States citizens as provided herein.";

(3) By striking "this Act" and substituting "the Foreign Assistance Act of 1961, as amended.";

(4) By changing the period at the end of the subsection to a comma and adding "except that in the case of any such foreign currencies acquired through operations under title I of the Agricultural Trade Development and Assistance Act of 1954, as amended, the United States dollars received from the sale of such foreign currencies shall be deposited to the account of the Commodity Credit Corporation and shall be treated as a reimbursement to Commodity Credit Corporation under section 105 of this Act."

SEC. 3. Notwithstanding any other provision of law, the Commodity Credit Corporation, in order to encourage exports of extra long staple cotton which is in surplus supply at competitive world prices, is directed to offer for sale, whenever extra long staple cotton is in surplus supply, any extra long staple cotton owned by it (except stocks released from the stockpile established pursuant to the Strategic and Critical Materials Stock Piling Act, as amended) at prices not in excess of the prices at which cotton of comparable quality is being offered by other exporting countries, on condition that such cotton be exported or that an equal quantity of extra long staple cotton will be exported within the period specified by the Secretary of Agriculture. The Commodity Credit Corporation may accept bids in excess of the maximum prices specified herein but shall not reject bids at such maximum prices unless a higher bid is received for the same cotton. The Secretary of Agriculture shall make a determination of the amount, if any, of extra long staple cotton which is in surplus supply for the 1964-65 marketing year not later than thirty days after the effective date of this section and for each succeeding marketing year not later than thirty days prior to the beginning of each such marketing year. Extra long staple cotton shall be deemed to be in surplus supply whenever the Secretary of Agriculture determines that the total supply of such cotton (under the formula for determining the "Total supply" of cotton specified in Section 301(b) (16) (C) of the Agricultural Adjustment Act of 1938, as amended, but not including cotton released from such stockpile) is in excess of estimated domestic consumption and estimated exports of such cotton excluding estimated exports made under the authority of this section, plus an allowance for carryover equal to fifty per centum of such estimated consumption and exports. Exports hereunder shall be excluded in making any determination with respect to national marketing quotas under the Agricultural Adjustment Act of 1938, as amended. Nothing herein shall preclude the Corporation from accepting bids which may be made at higher than world prices.

SEC. 4. Section 416 of the Agricultural Act of 1949, as amended, is amended by adding the following at the end of such section: "The assistance to needy persons provided in (4) above shall, insofar as practicable, be directed toward community and other self-help activities designed to alleviate the causes of the need for such assistance."

Approved October 8, 1964.

(over)

7 USC 1705.

Long staple
cotton, export-
ation.

60 Stat. 596.

50 USC 98 note.

63 Stat. 676.

7 USC 1301.

53 Stat. 31.

7 USC 1281.

68 Stat. 458.

7 USC 1431.

LEGISLATIVE HISTORY:

HOUSE REPORTS: No. 1767, 1767 pt 2, accompanying H. R. 12298 (Comm. on Agriculture) and No. 1897 (Comm. of Conference).

SENATE REPORT No. 1467 (Comm. on Agriculture & Forestry).

CONGRESSIONAL RECORD, Vol. 110 (1964):

Aug. 19: Considered and passed Senate.

Sept. 3: Considered and passed House, amended, in lieu of H. R. 12298.

Sept. 23: House agreed to conference report; Senate considered conference report.

Sept. 24: Senate agreed to conference report.

October 8, 1964

Office of the White House Press Secretary
(Indianapolis, Indiana)

THE WHITE HOUSE

STATEMENT OF THE PRESIDENT ON
SIGNING S. 2687 - AN ACT TO EXTEND THE
AGRICULTURAL TRADE DEVELOPMENT
AND ASSISTANCE ACT OF 1954

I am very happy to sign this Bill. It will extend for two years legislation of enormous importance both to the United States and to the rest of the free world. It authorizes continuation of the Food for Peace Program. This program makes possible the sharing of our abundance on a scale unparalleled in the history of the world. It stands as a monument to the miracle wrought by the American farmer and to the generosity and practical wisdom of the American people.

The Food for Peace Program authorized by this law will permit us to use our agricultural abundance to combat malnutrition and hunger in the less developed countries and to promote their economic growth. At the same time, this program will help us to attain vitally important economic and foreign policy objectives. It benefits all of the people, directly or indirectly.

During the past ten years, we have shipped \$12.2 billion in food to needy people, under Public Law 480. Our food has gone to over 100 countries. It has relieved the hunger of many millions of men, women, and children.

Most of us, in this rich land of ours, find it difficult to imagine what food assistance really means to the half of the people in the world who have too little to eat. This kind of assistance means a noon meal for 40 million foreign school children. It means emergency supplies when catastrophe strikes -- drought, floods, hurricanes, earthquakes. To millions of people, it means the difference between an inadequate and barely adequate diet.

Our food also promotes economic growth in the less developed countries. It helps control inflation. It generates local currencies, which the United States can grant to less developed countries, to help them build their industry, their agriculture, their communications, their schools, and their hospitals.

The United States is also a prime beneficiary of the program.

The Food for Peace Program authorized by P. L. 480 makes constructive use of the abundant production of our farmers and ranchers, thereby increasing their incomes. It stimulates business for American industry, and creates jobs for American workers. It builds, through market promotion and economic development, the basis for expanded cash sales of American farm products.

The Food for Peace Program furthers our foreign policy objectives. It helps strengthen many other countries of the free world -- which is certainly in our mutual interest. It creates good will for the United States. It gives all countries a chance to see how remarkably efficient our free agricultural system really is -- especially when compared with the regimented and depressed farming of the communist world.

more

(OVER)

This Bill, however, contains several features which concern me. Of these, two provisions are particularly undesirable. One seeks to give either the House Committee on Agriculture or the Senate Committee on Agriculture and Forestry a veto power over certain proposed dispositions of foreign currencies accruing from sales under P. L. 480. The other seeks to prevent the President from making certain loans at interest rates below a specified level unless he has concurrence of an advisory committee composed in part of Members of Congress and in part of his own executive appointees.

In recent years, four Attorney Generals of the United States have held that legislative provisions vesting in Congressional Committees the power to approve or disapprove actions of the Executive Branch are unconstitutional. The Acting Attorney General now advises me that a provision vesting such power in a committee made up in part of Members of Congress stands on no better footing. Both such provisions represent a clear violation of the constitutional principle of separation of powers. This is the position taken in similar cases by President Eisenhower, President Kennedy, and by myself.

However, I appreciate the desire of the Congress to be informed and to be consulted on the operation of all aspects of the P. L. 480 program, and I am directing that executive officials see that this is done.

Two other provisions of the Bill are disturbing. The first, by preventing any foreign currency sales to any communist countries, inhibits our ability to deal selectively with countries that may demonstrate a tendency toward political and economic independence from communism. I note, however, that the effect of this restriction is somewhat offset by the authorization to make dollar sales on credit to such countries. The second, by requiring that our surplus inventories of extra-long staple cotton be offered for sale at world prices, could create serious problems in our foreign relations. I am directing that this provision be administered with great care so as to minimize any harmful effects on the economies of the free world countries which are the principal exporters of this commodity.

But the overriding fact is that the Bill I have just approved will permit the Food for Peace Program to continue uninterrupted for another two years. Both in its tangible and intangible benefits, this vital program deserves and, I believe, enjoys the overwhelming support of the American people. It has and will continue to receive the wholehearted support of this Administration. If the past is any guide to the future, I am confident that Food for Peace will represent a growing force in our efforts to advance the cause of freedom throughout the world.

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